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Tan Range 
EXPLORATION CORPORATION

Report from the Chairman and CEO



2002 ANNUAL REPORT

Without any doubt, 2002 was a watershed year for Tan Range Exploration whose newly constituted management team has worked diligently to develop the Company's asset base and enhance shareholder value.

With escalating gold prices laying the foundation for rapid growth and further share price appreciation, I want to assure everyone of management's commitment to exploit our increasingly valuable asset base for the benefit of all stakeholders.

In mid-2002, the Sinclair family and my Tanzam associates became a major shareholder in the Company when Tanzania American International Development Corporation (Tanzam), a private company controlled by the Sinclair Family, vended into Tan Range for shares some 51 prospecting licenses.

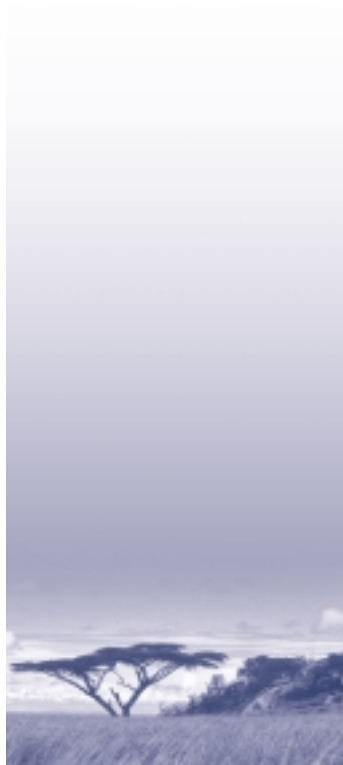
The acquisition of Tanzam included a strong "people component" of whom, Mrs. Victoria Luis and Dr. William M. Harvey now serve on the Board of Directors. Dr. Harvey, Joseph Kahama, the President of Tanzam, and my daughter, Marlene, a resident of Tanzania, play an important role in providing on ground management and social service programs to indigenous Tanzanians who are impacted by the corporate activities of Tan Range.

On a personal note, I've spent my entire business career in the precious metals sector as a principal of significant dealerships and clearing facilities for commodities and foreign exchange, and I maintain an extremely high domestic and international profile as a gold commentator and analyst.

As Chairman of Sutton Resources from 1989-95, I played an important role in financing the company's activities and was one of its largest shareholders when it was sold to Barrick Gold in 1999. As a private investor, I also accumulated and explored one of the largest and most prospective land positions in the Lake Victoria goldfields of Tanzania which the Company is now developing for the benefit of its shareholders.

The Board of Directors is a highly motivated group of professionals who provide guidance on core issues that affect the Company and its shareholders. As a matter of policy, the corporate and material interests of all Board members, officers and support staff, are directly aligned with those of our stockholders — something I assure you will always be the case.

Since taking on the position of Chairman and Chief Executive Officer last April, I have actively promoted change at the corporate level that will position the Company to capitalize on the inevitable recovery in the gold market, which is only just beginning in my opinion. Although much work remains to be done, these changes have breathed new life, new purpose and new direction into the Company, which management firmly acknowledges is owned and directed by its stockholders.



Report from the Chairman and CEO (cont'd)



In the past year, I have also developed a close working relationship with our President, Marek Kreczmer, whose primary responsibilities include the management and direction of our large gold property portfolio in Tanzania and the maintenance of our strategic relationships with all our partners including Barrick Gold, the world's second largest gold producer.

Rest assured, we cooperate fully on all matters of corporate leadership and policy-making and our diverse business backgrounds and skill sets have proven to be highly complimentary, creating a synergy of purpose and direction that few companies can emulate.

Both of us have a long history of mutual respect and cooperation in Tanzania's gold mining sector which puts your company at a strategic advantage over its competitors and bodes well for our success in the future.

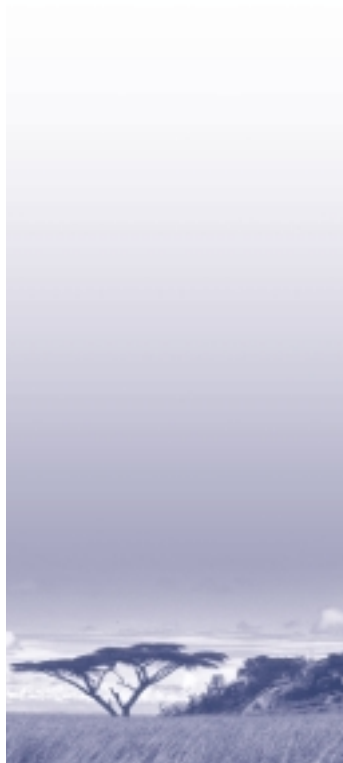
Several of the properties vended into the Company by Tanzam included joint ventures with Barrick Gold whose exploration successes have been formidable to say the least. As a private company, Tanzam expended approximately \$US6 million on its landholdings in Tanzania for prospecting, trenching, drilling and for one of the largest and most sophisticated airborne geophysical surveys ever undertaken in the Lake Victoria region.

Approximately \$2 million was allocated for this low altitude airborne geophysical survey program which was conducted by Fugro Airborne Surveys, a world leader in the field. Few majors – let alone companies our size – have ever undertaken such an aggressive program in a world-class greenstone belt like this.

Besides value-adding our existing land position just as the gold market began to turn around, the survey helped define a broad spectrum of mineral potential on our holdings which not only includes gold but base metals and diamonds. In recent months, a highly experienced geophysicist and member of our in-house Technical Advisory Committee has been evaluating our massive geophysical database with the intention of exploiting the mineral potential on our Lake Victoria properties to the fullest.

Fiscal Resources

During 2002, we eliminated by financial conversion 1,756,000 warrants and 2,197,225 stockholders' options, adding \$2,176,530 to the Company's treasury and reducing the need to refinance until 2004. Strict financial controls were also put into place covering all aspects of the Company's operations by our new Chief Financial Officer, Mrs. Victoria Luis. Her in-depth knowledge of accounting and business procedures for North American and Tanzanian financial entities has proved to be a valuable asset and will be even more valuable in the years ahead.



Corporate and Disclosure Policies

We no longer intend to issue any significant amount of common share options and are reviewing all corporate employment contracts to eliminate any impediments to a takeover of Tan Range by another corporate entity. Also, we have no intention of putting into place any anti-takeover policy because we firmly believe they are designed solely to protect and entrench management at the expense of you the shareholder.

We also believe that all corporate events that materially impact shareholders should be settled in a free market environment where everyone is treated equally irrespective of their shareholding. The Company's management team is committed to advising its shareholders of any material information concerning the sale of assets or acquisition of the Company by another party.

Internet Presence

The Company places a high priority on corporate disclosure in order to maintain a level playing field for all shareholders. One of the ways we do this is through the Internet, an enormously versatile medium that we employ to transmit information to shareholders in a timely fashion.

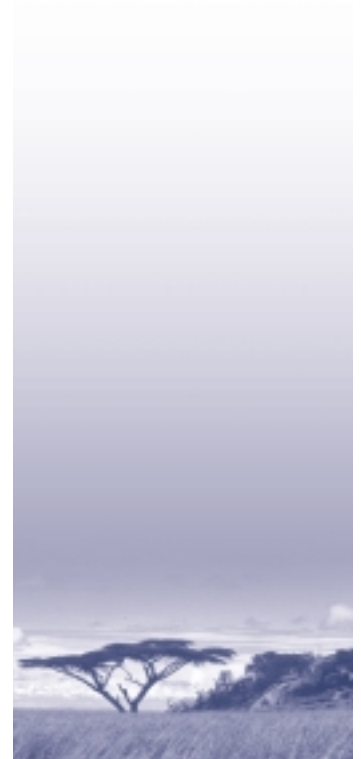
In the latter part of 2002, we initiated a critical review of our existing website at www.tanrange.com to see how we could make it better. The new website, which will soon be fully operational, includes sophisticated yet user-friendly search tools, a direct link to my online newsletter, "Jim Sinclair's MineSet," (the commentary that will appear here was previously available under "Chairman's Corner"), an online corporate newspaper, plus an "exploration school" that explains in layman's terms the nature of our business. In addition, the website will host other informative material that will be segregated into non-technical and technical compartments.

Our website speaks to all those markets that are critical to our progress and understanding and we intend to play a leadership role in our market sector in terms of optimizing the Internet for disclosure purposes.

With that intention in mind, I'd like to encourage all shareholders to make themselves known to us so we can keep you fully informed of our activities in these exciting times. Under no condition will we ever compromise your privacy or contact you to any degree that you do not invite. However, shareholders need all information that could impact their investment in our company promptly. I therefore respectfully request that you let us know who you are so we can notify you about important corporate events.

James E. Sinclair
Chairman and CEO

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EXPLORATION CORPORATION
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President's Report to the Shareholders



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The past year produced a number of impressive exploration successes on our holdings in the Lake Victoria goldfields of Tanzania. One of the most notable occurred on our Itetemia joint venture where Barrick Gold confirmed that the geological horizon hosting its 16 million ounce Bulyanhulu gold mine is repeated on Itetemia as a fold sequence.

The Itetemia property hosts numerous discrete gold occurrences including the Golden Horseshoe Reef which has been traced by diamond drilling to a vertical depth of approximately 440 meters.

Barrick has spent approximately \$4 million on Itetemia and recently announced its intention to continue the joint venture. Early in the New Year, the Company will be receiving a full report from Barrick relating to its exploration activities on the Itetemia property.

At present, the Company holds 73 prospecting licenses and is the second largest landholder in the Lake Victoria greenstone belt. Eleven of the Company's prospecting licenses are subject to joint venture agreements with Barrick, the world's second largest gold producer.

Considerable progress was made on the Company's Luhala property which is being explored for our own account. In late 2001, the Company inaugurated a significant exploration program on its four Luhala licenses including regional-scale geological mapping on exposed rock outcrop, detailed mapping of five high priority exploration areas, the preparation of a detailed compilation map, and the re-logging and re-evaluation of drill core and rock cuttings from an earlier drill program.

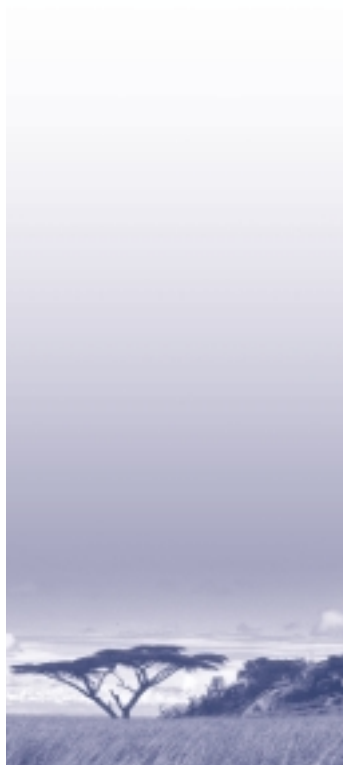
The work reinforced our geological model for Luhala including our interpretation that gold values are concentrated at the hinge points or noses of folded rock formations.

Subsequent to year-end, two gold-bearing reefs/veins were discovered on our Lunguya property. These two reefs hosted gold values ranging from 0.56 to 11.3 grams per tonne across intervals of one to five metres. Sampling of artisanal workings has confirmed the widespread distribution of gold values on the property, underscoring the high probability of further exploration successes.

In late 2002, the government of Tanzania granted the Company an exploration license covering three gold bearing vein occurrences at Kigosi where initial sample results proved to be quite exceptional. This early stage property will be a priority for the Company in 2003 and management believes Kigosi could evolve fairly quickly should our initial expectations be validated.

The Company firmly believes that exploration activities on its holdings in 2003 will dramatically enhance its asset base in Tanzania and move it significantly closer to deriving royalty income from its world-class holdings.

Marek J. Kreczmer, *President*



Management Discussion and Analysis

Discussion of Business and Corporate Activities

The Company is a high profile minerals explorer whose primary emphasis is the search for gold on its extensive landholdings in the heart of the Lake Victoria greenstone belt in Tanzania. Ancient greenstone belts like this account for the majority of the world's gold production and are known to host other important commodities including base metals and diamonds.

The Lake Victoria greenstone belt ranks among the largest and richest under-explored goldfields on the African continent. Discoveries in this greenstone belt have produced robust economic returns for companies such as Barrick Gold, AngloGold, Ashanti Gold and Resolute Mining, all of whom remain active explorers in the region.

The Company's exploration methodology in Tanzania reflects its decade of experience in the Lake Victoria goldfields and its proven ability to attract major companies as joint venture partners. The process begins with grassroots field sampling of geologically prospective properties and, if desirable, results in their subsequent acquisition by staking or by formal option agreement. In subsequent stages, newly acquired properties are subjected to detailed exploration to establish their geological potential and make them attractive to major companies who take on the obligation of funding future exploration and development.

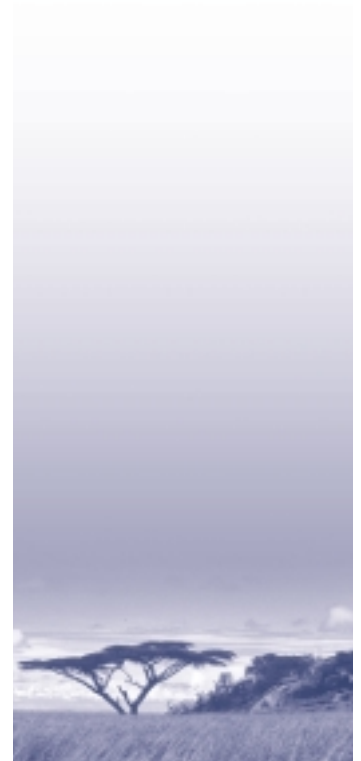
At present, the Company holds 73 prospecting licenses within the Lake Victoria greenstone belt, eleven of which are subject to joint venture agreements with Barrick Gold, the world's second largest gold producer. The Company's joint venture agreements with Barrick Gold typically include provisions for royalty payments at production.

In the past year, expert consultants interpreted 36,314 line kilometers of close-spaced, airborne geophysical data for the Company's landholdings in the Lake Victoria greenstone belt, augmenting the Company's existing geological data base and defining new targets for ground proofing. The airborne magnetic and radiometric surveys, which were completed in 1999 and 2000, have significantly raised the Company's exploration profile in Tanzania and heightened interest in its property portfolio in a period of rising gold prices.

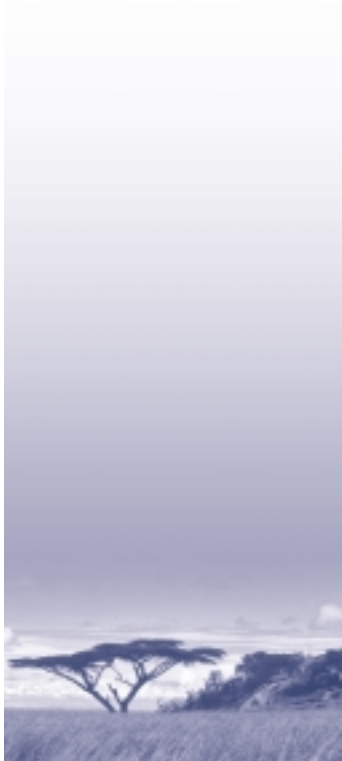
The most advanced property under joint venture with Barrick Gold is Itetemia where the company has already spent approximately \$4 million and has assumed the role of operator. Itetemia is adjacent to Barrick's Bulyanhulu gold mine, the largest gold producer in Tanzania with an annual production rate of 350,000 ounces and established gold resources of 16 million ounces. The favourable geology that hosts the Bulyanhulu mine extends onto the Itetemia property where Barrick has defined at least one gold bearing structure, the Golden Horseshoe Reef, to a depth of 440 metres.



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Management Discussion and Analysis (cont'd)



The Company's huge land position in the Lake Victoria greenstone belt, its joint ventures with Barrick Gold, and projects being explored for its own account, positions the Company to generate stable, long-term production royalties from its holdings with little attendant risk for shareholders. Our focus on becoming a gold royalty company might also include the acquisition of royalty interests on the open market. A number of investment opportunities have been brought to the Company's attention already and more opportunities will be evaluated in the New Year.

Where strong geological potential is evident at an early stage, the Company reserves the right to fund such projects for its own account. As these properties become more advanced under direct corporate ownership, they would normally receive a proportionately higher valuation in the marketplace, creating an opportunity to finance future exploration and development under favorable market terms. While the Company's business model doesn't preclude it from becoming a mine operator, such a decision would only be made if it was in the best interests of all shareholders.

Several properties in the Lake Victoria Greenstone Belt are being explored for the Company's own account, the most advanced of which is Luhala. In late 2001 and early 2002, following up on the previous year's results, the Company inaugurated a significant exploration program on its four Luhala licenses. The work program included regional-scale geological mapping on exposed rock outcrop, detailed mapping on five high priority areas, the preparation of a detailed compilation map, and the relogging and re-evaluation of drill core and rock cuttings from an earlier drill program.

The work programs completed at Luhala lend credence to the geological assumption that gold values have been deposited at the hinge points or noses of folded rock formations, a feature that is common to many of the world's largest gold camps. Confirming the validity of this geological model will require tightly spaced drilling to delineate these gold bearing hinge features at depth. A multi-phased, large diameter diamond drill program has been recommended for Luhala that would include 20 to 30 boreholes comprising 3,000 metres (10,000 ft) of drilling.

Significant Events During Year

On April 30, 2002, the Company completed the acquisition of 100% of the issued and outstanding shares of Tanzam 2000 in exchange for 20,000,000 shares of the Company at a value of \$0.35 per share. The share value reflects the market price of its shares on February 15, 2002, the date the Company agreed to acquire Tanzam by way of a letter agreement. Tanzam, a privately owned company controlled by the Sinclair Family, has been a major landholder in the Lake Victoria Goldfields for at least a decade and has financed more than \$US6 million in exploration activities on its holdings.

Results of Operations

The Company reported a net loss of \$1,343,958 or \$.02 per share for the year ended August 31, 2002 versus a net loss of \$792,773 or \$.02 per share in the previous year. The increase in net loss is largely attributed to the write-down of new property investigation costs and, to a lesser extent, by the increase in corporate activities associated with the acquisition of Tanzam 2000.

Liquidity and Capital Resources

In fiscal 2002, the Company raised \$2,176,530 from parties exercising outstanding warrants and options. At the close of the fiscal year, 4,084,000 options with a weighted average price of \$0.56 each and exercisable at various times until June of 2007 remained outstanding. In addition, 2,674,275 warrants with an aggregate exercise value of \$1,619,565 were still outstanding.

Risk Factors

The Company is subject to a number of extraneous risk factors over which it has no control. These factors are common to most exploration companies and include among others: project risk, depressed equity markets, fluctuating exchange rates and sovereign risk.

Outlook

The Company expects to focus its exploration activities in the Republic of Tanzania for the foreseeable future. The future liquidity of the Company will be affected principally by the level of exploration expenditures on its holdings and by its ability to raise capital on equity markets or by other means. In management's view, the Company's cash position is sufficient to meet its existing obligations through 2003 and no additional funding will be required until at least 2004. The Company will continue to be diligent in identifying and managing risks as it continues its operations.

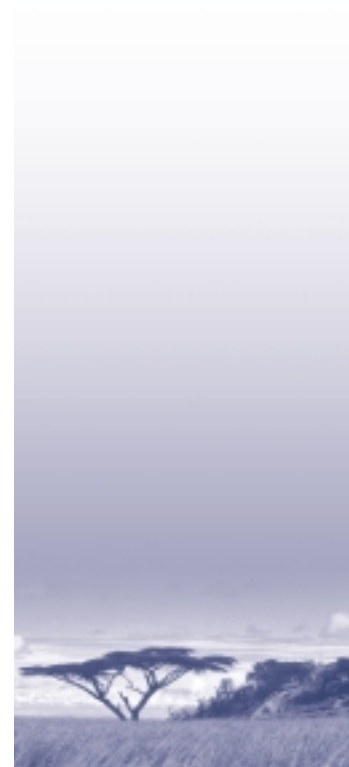
Other

This discussion and analysis should be read in conjunction with the Consolidated Financial Statements, related notes, Report from the Chairman and CEO, and President's Report to the Shareholders.



EXPLORATION CORPORATION

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Corporate Information

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Stock Exchange Listing:

Toronto Stock Exchange
Trading Symbol: TNX

Share Capital:

Issued and Outstanding:
77,890,478 (Dec. 31/02)
Fully Diluted: 82,072,478
SEC Rule 12g3-2(b)
File #82-3446

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President & Director

Mrs. Victoria Luis MBA, CSCPA, Member AICPA
CFO, Corporate Secretary & Director

Wayne Beach LL.B, DEA
Director

Oliver Lennox-King B. Comm.
Director

Anton Esterhuizen
Director

Albert Gourley LL.B, B.B.A.
Director

Dr. William M. Harvey BA, PhD,
Director



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