Tanzanian Royalty
EXPLORATION CORPORATION

Tanzanian Royalty Exploration Corporation
Years ended August 31, 2006 and 2005
Management's Discussion and Analysis

The Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") for Tanzanian Royalty Exploration Corporation (the "Company") should be read in conjunction with the audited Consolidated Financial Statements for the years ended August 31, 2006 and 2005.

The financial information in the MD&A is derived from the Company's Consolidated Financial Statements which have been prepared in accordance with Canadian generally accepted accounting principles. All dollar amounts are expressed in Canadian dollars unless otherwise described. The effective date of this MD& A is November 28, 2006.

Overall Performance

As of August 31, 2006 the Company had Current Assets of $3,432,000 as compared to $1,596,000 on August 31, 2005. The increase of $1,836,000 in current assets is mainly attributed to increases in cash and cash equivalents. Mineral Properties and Deferred Exploration costs amounted to $20,593,948 as of August 31, 2006, which is comparable to costs of $19,740,000 as of August 31, 2005. The costs include gross expenditures of $2,865,000 (2005-$1,817,000) expended this year. The Company recovered $320,000 of exploration costs from its option partners in 2006 and $301,000 in 2005. The Company has also recorded a write-down in 2006 of $1,690,000 (2005 - $1,630,000) on mineral properties abandoned.

The Company has financed its operations and investments through the issuance of common shares. During 2006, the Company raised $6,494,000 (2005 - $3,508,000) through the issuance of share capital and share subscriptions.

Corporate Strategy and Objectives

Management's primary mandate is to implement and refine on an ongoing basis an exploration and investment framework that will produce unencumbered royalty income for the Company from gold and other mineral projects in Tanzania.

The premise behind our royalty strategy is that we can discover gold at a much lower unit cost through exploration as opposed to purchasing gold production royalties on the open market.

The Discovery Process

The Company intends to generate royalty income by discovering economic concentrations of mineralization by way of partnership arrangements with both senior and junior companies, through exploration for its own account, or by way of acquisitions, mergers and strategic relationships with other companies.

The practical means of achieving royalty income through exploration encompasses the careful application of in-house geological expertise and our in-depth knowledge of the Tanzanian minerals industry.

Our exploration methodology involves the definition of mineral potential on a property employing both standard and proprietary evaluation techniques. These techniques typically include the gathering of soil geochem and biogeochem samples, the utilization of ground and airborne geophysics, the initiation of trenching programs, and the completion of rotary drilling to establish mineral potential in bedrock.

Royalty Agreements

Following the establishment of exploration potential, the Company enters into confidentiality agreements (CA's) with qualified parties who would then be offered the right to option 100% of the property under specific terms including advanced and post production royalty payments. Underpinning this entire strategy is our policy of maintaining low risk, non-dilutive royalty interests in mineral projects with long-term production potential.

In general, the purchase of royalty interests on the open market involves either the issue of equity (shares) to the seller or payment for the royalty through loans from banks and/or secondary lenders. As mineral explorers, the potential to generate ongoing royalty income remains virtually unlimited and is a function of our ability to produce tangible exploration successes, namely the establishment of gold reserves or resources in the ground.

On the other hand, the opportunity to purchase royalties today on the open market is extremely limited given the fact there are few new production sources coming on line. Also, whatever royalties are likely to be available will become extremely expensive.

A gold royalty company derives its income from passive (non-operating) interests in mining operations that provide the royalty holder with the right to garner revenue from the project in cash or in physical product (gold) after deducting smelter costs.

What the Company seeks to avoid by going the royalty route is exposure to non-recourse loans which are popular in the minerals industry as a means of funding new mine development. The non-recourse nature of such loan facilities, we believe, is generally based on derivative debt and therefore carries risks that are unacceptable to us.

The Company's decision to pursue royalty income as opposed to percentage operating interests in new production is further based on escalating costs for new mine development along with the high cost of energy which is the largest single component in mine operating costs. None of these factors would have any impact on the Company's expected revenue stream from its royalty interests because they are based on a fixed percentage of metal sales after refining costs.

The Company's royalty agreements include strict payment schedules that specify escalating rental payments that coincide with exploration expenditures incurred by our partners over the life of our agreements. All expenses incurred directly by the Company (usually from early-stage exploration) are generally repaid at full feasibility followed by royalties at production. Rental payments derived from our option agreements under accounting guidelines enters our financial statements as a return of expense and not as income at that specific time.

When a property is dealt to a third party under a formal option agreement, the expense obligation to the Company (usually for exploration) for that particular property either falls to zero or is negligible.

Financial Company Structure

The final character of our business plan is structured to reflect the financial nature of the Company's operations. Management expects to see the Company produce income growth based on escalating gold prices – given the fact we have a fixed floor and ceiling in our royalty agreements – and trade at a premium in the marketplace as a proxy for inflation.

Property Acquisitions and Abandonments

We have within this reporting period entered into one new option agreement. Properties are acquired on the basis of favorable geology and will be evaluated in detail by our in-house technical staff to firm up exploration potential and make them attractive to potential partners under standard royalty agreements.

At the present time, we have five mineral licenses dealt to Barrick Gold and Northern Mining Explorations. The Company currently holds 121 mineral licenses in Tanzania covering more than 10,762 square kilometres. All of these holdings are located in and around the world-class Lake Victoria Greenstone Belt and Kabanga/Kibara Nickel Belt regions in Tanzania.

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Subsequent Events

The Company entered into a Purchase and Sale Agreement (the "Agreement") with Ashanti Goldfields Cayman Limited ("Ashanti") dated September 26, 2006 for the repurchase of its rights to the Kigosi property, including all related camp and equipment, along with the purchase of a non-associated property, the Dongo, from Ashanti in a transaction valued at US$900,000.

The price of the acquisition will be satisfied by the issuance to Ashanti a total of 180,058 common shares of the Company, in two tranches and subject to certain conditions set out below.

The two tranches will consist of (i) the issuance and allotment of 160,052 common shares to be issued in consideration of the transfer to the Company of the Kigosi Rights, as defined in the Agreement and (ii) subject to receipt of ministerial consent from the Tanzanian government to the transfer from Ashanti to the Company of the Dongo Rights, as defined in the Agreement, the issuance and allotment to Ashanti of 20,006 common shares of the Company.

Exploration Summary

The logistical and cost benefits associated with owning our own multi-purpose drill rig became readily apparent following a break-in period of several months when mechanical deficiencies were resolved and the performance of drill crews and equipment reached normal levels.

Gold Exploration Activities

- **Luhala Project**

With the drill rig fully operational, the Company was able to focus its fiscal and human resources primarily on the Luhala Gold Project, the most advanced property in our large exploration portfolio.

Luhala comprises six exploration licenses totaling 76 square kilometers and is strategically located 100 kilometres east-south-east of the Geita gold mine. Extensive surface gold mineralization has been discovered within the Kisunge-Shilalo target area which comprises three hills: Kisunge, Shilalo West and Shilalo South. This area is the main focus of our exploration activities at the present time.

In December 2005, the Company announced initial results from a 29 hole drill program (Reverse Circulation/Rotary Air Blast) ("RC"/"RAB") at Luhala that significantly expanded the resource potential on the property.

During this phase of drilling, a specific emphasis was placed on determining the structural controls on the higher grade mineralization, producing a 3-D model of the mineralization for follow-up in 2006.

RC results from Kisunge East included 6.0 metres grading 4.45 g/t (grams per tonne) and 4.0 metres averaging 7.05 g/t. One hole in Kisunge West returned 12 metres grading 3.01 g/t while another in Kisunge East returned 7.0 metres at 2.66 g/t.

The remaining results (15 holes) from this program were reported in January 2006. Most of the holes concentrated on the main mineralized zone at Kisunge Hill along drill fence lines ranging from 20 to 40 metres apart, with drill hole spacing averaging 25 metres. One of the holes was drilled at the new Kiginga target, a new discovery made in late 2005. The mineralization at Kiginga forms a series of flat lying, stacked shears within an intermediate volcanic tuff. Thin quartz veins and hematite alteration are common occurrences within the shear zones.

A Phase 4 drill program was initiated at Luhala in February 2006, with the first results reported shortly thereafter in March. The drill program included 40 RC holes, representing some 2,519 metres of drilling within the Kisunge Central, West, Northeast and Southeast Zones. The Kisunge Central and West Zones were found to combine to form the Kisunge Central Zone.

Drilling of the Kisunge East Zones confirmed the presence of a higher grade zone of rocks that extends from the Kisunge Northeast Zone to west of the Kisunge Southeast Zone. These rocks form a steeply plunging anti-clinorium, a regional fold (bend) structure that is composed of smaller folds. This whole zone was subsequently referred to as the Kisunge Main Zone.

Among the better results returned from the Kisunge Central Zone were 4.0 metres of 6.0 g/t and 5.0 metres grading 5.18 g/t. Notable results from the Kisunge Main Zone included 7.0 metres averaging 6.83 g/t and 5.0 metres grading 5.18 g/t.

Results from the Phase 5 drill program were released in April 2006 and confirmed that the Kisunge Main Zone hosted anomalous gold values along a strike length of 1,200 metres, excluding a zone some 200 metres wide where a barren dyke cut across the mineralized trend.

The holes in the Main Zone were designed to intersect and test the gold potential in the most prospective stratigraphic package (rock unit) at a shallow depth as no trenching had been conducted in this area before to establish near-surface mineral potential.

The best values from the Kisunge Main Zone in Phase 5 included 4.0 metres averaging 5.69 g/t along with 3 metres grading 3.29 g/t.

A Phase 6 drill program was completed in April 2006 and included 15 RC drill holes representing some 986 metres of drilling. All the RC holes were drilled in the Main Zone as no access was available to further test the Kiginga anomaly due to heavy rainfall. Three holes were drilled on the eastern limb of the Main Zone and 12 holes on the southern limb. Among the better values reported were: 3.0 metres of 2.50 g/t, 2.0 metres grading 2.39 g/t and 6.0 metres averaging 2.35 g/t.

A Phase 7 drill program was completed in August 2006 with the results reported immediately after the Company's fiscal year end. This particular phase consisted of nine diamond drill holes aggregating some 991 metres, all of which tested the eastern limb of the Kisunge Main Zone.

Because diamond drilling produces a cylindrical core sample, invaluable structural information was obtained during this program which showed the gold deposit to have a shallow dip that will require further RC drilling for definition purposes. Some of the most notable results from this program included 3.0 metres @ 7.89 g/t, 2.44 metres averaging 3.90 g/t and 1.44 metres @ 10.95 g/t.

- **Kibara Project**

Significant assay results were received from a trenching program on the Company's Kibara Gold Project, with 20 samples returning values exceeding 1.22 g/t gold. In addition to the gold values, encouraging copper and silver assay results were received from the trenching program. Seventeen samples returned values greater than 1% Cu, nine samples returned values greater than 5% Cu, and four values were above 10% Cu. Silver values ranged from detection levels to 87 g/t (2.5 oz/ton).

- **Tulawaka**

In October 2005, Northern Mining Explorations Ltd. (MDN) announced a significant gold discovery on a Prospecting License (PL) held under option from the Company in the Tulawaka region of Tanzania.

The Tulawaka region is interpreted to be within the western extension of the Sarama-Rwamagaza greenstone belt which is now believed to have a much larger extent than had been assumed from historic maps and related databases.

Until recently, virtually no systematic exploration had been conducted in this area by exploration companies even though this region of the Lake Victoria goldfields remains the only one still potentially hiding near surface major gold targets that have not yet been discovered.

There are currently four Prospecting Licenses held under option agreement with MDN, two of which are in Tulawaka.

The MDN drill program tested three targets, two of which revealed significant gold intersections including a 9.0 metre intercept grading 7.27 g/t gold and 4.0 metres averaging 13.34 g/t.

The discovery area is located approximately 15 kilometres from the Tulawaka Gold Mine (Barrick 70% - MDN 30%) and extends for a strike distance of approximately 0.4 kilometres and across a width of 0.3 kilometres. The target evaluated in the drill program was previously unknown and still remains open along strike and at depth.

Subsequent to this event, MDN announced details of the Isozibi discovery which is located about 17 kilometres northwest of the Tulawaka gold mine's process plant. The Isozibi discovery is known to extend for approximately 1.0 kilometre along strike and across a width of 0.9 kilometres. The previously unknown gold occurrence is associated with fracture zones in iron formations, a particularly attractive environment for the emplacement of gold deposits.

The Isozibi discovery was tested by seven drill fences comprising 26 Reverse Circulation (RC) drill holes for a total of 2,582 metres. Among the most significant drill intersections from this initial drill program were 2.0 metres averaging 4.4 g/t and 1.0 metre grading 3.25 g/t.

Follow-up drilling is planned for the above-mentioned properties to further investigate the gold mineralization discovered so far.

On November 15, 2006, MDN announced significant assay results from the RC drill program they carried out on the Viyonza Zone, which includes the Nyantimba license optioned from the Company.

- **Itetemia**

The Itetemia property hosts the Golden Horseshoe Reef (GHR) where gold mineralization occurs primarily within two discrete gold zones, the South and North zones. The GHR is situated on a sub-parallel structure immediately to the east of Barrick's Bulyanhulu gold mine.

In mid-2006, the Company completed four diamond drill holes on the Itetemia Project with one of the better holes returning 2.5 metres grading 6.13 g/t and 4.0 metres averaging 6.75g/t. Another hole returned an even higher grade intercept of 4.0 metres grading 11.1 g/t.

The drill program succeeded in confirming the existence of a continuous good-grade pay shoot at GHR down to a depth of 450 metres, representing a total down plunge distance of 550 metres.

Kimberlite (Diamond) Exploration

Ground magnetic surveys were completed on kimberlite targets in the Mwadui, Igunga and Nzega Project areas in September 2005 and these targets were subsequently tested by a RAB drilling program a short time later in November 2005.

Five previously known kimberlite bodies were intersected at Mwadui along with two new pipes. In addition, two brand new kimberlite pipes were discovered at Igunga and another two at Nzega for a grand total of 11. One of the pipes at Nzega occurs close to artisanal diamond activity for alluvials in a nearby river bed.

Subsequent testing confirmed that a range of diamondiferous kimberlite indicator minerals including **G10** and **G3** garnets were identified in four kimberlite pipes on its Nzega and Igunga Project Areas. Based on the probed results from the kimberlites at Igunga and Nzega, both project areas have potential to host diamondiferous kimberlites.

Outlook

The Company expects to maintain exploration expenditures at levels well above historic averages given the extent of its property holdings and the advanced stage nature of several of its properties. The purchase of a new drill rig and the integration of biogeochemical techniques into our exploration methodology is expected to optimize the Company's ability to evaluate targets in a cost effective and efficient manner. More targets are planned to be examined compared to the prior year and exploration expenditures will reflect the increased level of activity.

As in the past, the majority of this exploration work is expected to be funded from private placements by James E. Sinclair, Chairman and CEO of the Company.

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Selected Annual Information

	2006 August 31	2005 August 31	2004 August 31
Total Revenues	$0	$0	$0
Net Loss for the period	($4,326,722)	($2,931,063)	($1,616,364)
Basic and diluted loss per share	($0.05)	($0.04)	($0.02)
Total assets	$24,891,967	$22,257,683	$22,092,373
Total Long Term Financial Liabilities	$121,739	$175,011	$0
Cash dividends declared per share	$0	$0	$0

Results of Operations

The loss before income tax in 2006 was $4,327,000; a $748,000 increase from last year's loss before income taxes of $3,579,000. The major reason for the higher loss before income taxes in 2006 was due to increases of write off of Mineral properties and deferred exploration costs of $60,000, professional fees of $338,000 and $134,000 in stock-based compensation expense. During the year, professional fees increased as the Company was engaged in litigation which amounted to $243,000; year end audit fees increased by $40,000 and legal fees relating to the issuance of the RSUs was approximately $50,000. Property investigation costs decreased to $24,000 from $134,000 due to a concentrated effort in drilling properties owned. The 2006 foreign exchange loss of $140,000 is consistent with that of 2005. Net interest earned was $23,000 for the year ending August 31, 2006, an increase of $34,000 from 2005 due to higher cash balances in 2006. The increase in Transfer Agent and Listing fees from $140,000 for the year ended August 31, 2005 to $205,000 is largely due to the listing on the American Stock Exchange. The increase in Salaries and Benefits from $691,000 for the year ending August 31, 2005 to $765,000 for the current year is a result of both a larger staff to accommodate the operation of the drill rig and a higher wage level to remain competitive with local salary scales.

The Company recorded a non-cash future income tax recovery of $647,565 during the year ended August 31, 2005 due to additional tax basis accumulating in Tanzania in excess of the carrying value of mineral properties and deferred exploration costs. No such recovery was recorded in the current year, resulting in a loss for the year of $4,327,000 compared to a loss of $2,931,000 in the prior year.

Summary of Quarterly Results

	2006 August	2005 August	2006 May	2005 May	2006 February	2005 February	2005 November	2004 November
Total Revenues	$0	$0	$0	$0	$0	$0	$0	$0
Net Loss	($1,905,777)	($869,982)	($1,225,384)	($494,192)	($792,635)	($1,770,430)	($402,926)	($444,024)
Basic and diluted loss per share	$0.023	$0.010	$0.014	$0.006	$0.009	$0.021	$0.005	$0.005

There are two primary reasons for fluctuations in quarterly operating results. If a property is deemed uneconomical it results in a write-off of the deferred exploration cost which can result in a large one-time loss. This explains the variation experienced in the quarters ending February 2005 and August 2006. Another cause for quarterly fluctuations is the amount of new property investigations in a given quarter. Exploration costs associated with investigating properties is not deferred but rather is expensed as incurred.

Liquidity

Because the Company does not currently derive any production revenue from operations, its ability to conduct exploration and development work on its properties is largely based upon its ability to raise capital by equity funding. Throughout the year, the Company issued 956,701 shares in Private Placement tranches with Mr. Sinclair, Chairman and CEO of the Company in consideration for cash received of $5,077,807 ($813,828 of which was received in the prior year). In addition the Company received $750,000 for share subscriptions for which shares are to be issued subsequent to August 31, 2006. In addition, the Company completed a US$1.25 million private placement with Guild Management, Inc. for 215,820 shares. The Company also received $229,675 for 292,500 options that were exercised. On November 16, 2006 the seventh tranche of the $3 million private placement with Mr. Sinclair was completed and 54,058 shares were issued.

As of August 31, 2006 the Company's working capital was $2,838,000 as compared to $1,389,000 on August 31, 2005. Also, as the Company's mineral properties advance under various exploration agreements, rental payment accruals could increasingly play a role in funding exploration activities for our own account.

The following table sets out the Company's known contractual obligations as of the latest fiscal year end:

	Payments Due by Period				
Contractual Obligations	***Total***	***Less than 1 year***	***2-3 years***	***4-5 years***	***More than 5 years***
Vancouver Office Lease[(1)]	$15,000	$15,000	Nil	Nil	Nil
Capital Lease	US$172,695[(2)]	US$44,829	US$89,658	US$38,208	Nil

(1) Expires on April 30, 2007.
(2) Includes finance charges

Capital Resources

The Company acquires gold and other mineral concessions through its own efforts or those of its subsidiaries. All of the Company's concessions are located in Tanzania.

For each concession granted in Tanzania under a prospecting or a reconnaissance licence, the Company is required to carry out a minimum amount of exploration work before a mining licence is granted for further development. There are no set work requirements to keep the concessions in good standing a prospecting licence is issued for a period of up to three years and they are renewable two times for a period up to two years each. At each renewal, at least 50% of the area must be relinquished. A reconnaissance license is issued for one year and renewed for a period not exceeding a year. All prospecting licenses granted by the Tanzanian government are subject to an annual rental fee of not more than U.S. $30 per square kilometer, a minimum exploration work commitment, and employment and training of Tanzanians. In addition, the government of Tanzania imposes a royalty on the gross value of all gold production at the rate of 3%.

Many of the Company's mineral properties are being acquired over time by way of option payments. It is at the Company's option as to whether to continue with the acquisition of the mineral properties and to incur these option payments. Current details of option payments required in the future if the Company elects to maintain its interest are as follows:

	Option Payments Due by Period (US$)				
Option Agreement Obligations	***Total***	***Less than 1 year***	***2-3 years***	***4-5 years***	***More than 5 years***
	$2,951,500	$347,500	$804,000	$885,000	$415,000

In August 2006, James E. Sinclair, Chairman and CEO of the Company, confirmed his intention to continue his regular investments in Tanzanian Royalty by entering into a new Private Placement Subscription Agreement with the Company (the "New Agreement") under which he will subscribe for common shares of the Company for an aggregate amount of $3,000,000. Under the New Agreement, Mr. Sinclair has agreed to subscribe for eight (8) quarterly tranches of $375,000 each, commencing February 1, 2007. Although no assurance can be given, the Company believes it will be able to raise additional capital as required to fund its commitments. In addition, if necessary, the Company could adjust the extent and timing of certain expenditures.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related Parties

During the year ended August 31, 2006, $190,887 was paid or payable by the Company to certain directors or entities affiliated with the directors, compared to $44,813 in 2005. Directors were paid $90,687 (2005 - $92,986) for director fees.

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Restricted Stock Unit Plan

A Restricted Stock Unit Plan (the "RSU Plan") was approved by the shareholder's at the Annual Meeting held February 27, 2006. The Board of Directors has recently implemented the RSU Plan under which employees and directors are compensated for their services to the Company. Annual compensation for outside directors is $50,000 per year, plus $5,000 per year for serving on Committees, plus $2,500 per year for serving as Chair of a Committee. At the election of each individual director, up to one- third of the annual compensation may be received in cash, paid quarterly. The remainder of the director's annual compensation (at least two-thirds, and up to 100%) will be awarded as Restricted Stock Units ("RSUs") in accordance with the terms of the RSU Plan and shall vest within a minimum of one (1) year and a maximum of three (3) years, at the election of the director, subject to the conditions of the RSU Plan with respect to earlier vesting.

Under the RSU Plan, outside directors were granted 35,027 RSUs during the fiscal year ended August 31, 2006.

Fourth Quarter

Net loss for the fourth quarter was $1,906,000 versus $870,000 for the same period in the previous year. The primary reason for the increase in the loss was the write-off of mineral properties in 2006 in the amount of $1,080,000 compared to write-off of $181,000 in the fourth quarter of 2005. Professional fees were $302,000 for the fourth quarter 2006 compared to $57,000 in 2005. The fees include accrual for Audit of $80,000, legal fees of $150,000 and legal fees relating to Kigosi of $30,000. The loss also included the RSU stock based compensation costs of $134,000 in the fourth quarter 2006. The loss is partially offset by a decrease in the property investigation cost of $47,000 and a decrease in Foreign exchange loss of $121,000. Other areas requiring the use of estimates include the determination of stock-based compensation expense and future income taxes.

Changes in Accounting Policies including Initial Adoption

During the year ended August 31, 2005, the Company adopted the Canadian Institute of Chartered Accountants new Handbook Section 3110 "Asset Retirement Obligations" The adoption of this accounting policy had no effect on the consolidated financial statements and there have been no other changes in accounting policies which effect the August 31, 2006 Consolidated Financial Statements.

Critical Accounting Estimates

The Company's most critical accounting estimate relates to the write-off of exploration licenses and associated costs. Management assesses impairment of its exploration prospects quarterly. If an impairment results, the capitalized costs associated with the related project or area of interest are charged to expense. Other areas requiring the use of estimates include the determination of stock-based compensation and future income taxes.

Disclosure of Outstanding Share Data

As at the date of this MD&A, there were 86,295,133 common shares outstanding. In addition, there were 75,000 director and employee stock options outstanding at an average weighted price of $0.79. The Company had no share purchase warrants outstanding.

Financial and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, accounts and other receivables, accounts payable, and accrued liabilities and obligations under the capital lease. The fair value of the Company's financial assets and liabilities is estimated to approximate their carrying value.

Litigation

The Company commenced an action to protect against statements of defamation from being posted on internet chat sites. As at August 31, 2006 the litigation was settled satisfactorily. There are no other legal proceedings which may have or have had a significant affect on the Company's financial position or profitability.

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 ownership and exploration risk, depressed equity markets and related financing risk, commodity price risk, fluctuating exchange rates, environmental risk, insurance risk and sovereign risk.

Controls and Procedures

An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was carried out. Based on this evaluation, we have concluded that our disclosure controls and procedures are effective to ensure that (a) information required to be disclosed is recorded, processed, summarized and reported in a timely manner and (b) the information disclosed in the reports that we file or submit is accumulated and communicated to management to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting during the fiscal year ended August 31, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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Approval

The Board of Directors of Tanzanian Royalty Exploration Corporation has approved the disclosure contained in the Annual MD&A. A copy of this Annual MD&A will be provided to anyone who requests it and can be located while additional information will be available on the SEDAR website at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in the foregoing Management's Discussion and Analysis and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risk set above.

Additional Information

Additional information about the company and its business activities is available on SEDAR at www.sedar.com.