



Tan Range Exploration Corporation Years ended August 31, 2005 and 2004 Management's Discussion and Analysis

The Management's Discussion and Analysis of Financial Condition and Results of Operation ("MD&A") for Tan Range Exploration Corporation (the "Company") should be read in conjunction with the audited Consolidated Financial Statements for the years ended August 31, 2005 and 2004.

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, 2005.

Overall Performance

As of August 31, 2005 the Company had Current Assets of \$1,596,352 as compared to \$2,065,573 on August 31, 2004. Last year Current Assets included a deposit of \$484,978 which was advanced for the commissioning of a drill rig. This balance is now included in equipment and leasehold improvements. After excluding this deposit from the Current Assets as at August 31, 2004, a modest reduction in the value attributed to Current Assets has been realized in the current reporting year. Deferred Exploration Costs amounted to \$19,739,275 as of August 31, 2005 which includes gross expenditures of \$1,817,102 expended this year. The Company recovered \$301,191 of exploration costs from its option partners in 2005 and \$331,934 in 2004. The Company has also recorded a write down in 2005 of \$1,629,932 (2004 - \$ nil) on mineral properties abandoned.

The Company has financed its operations and investments through the issuance of common shares. During 2005, the Company raised \$2,694,325 (2004 - \$2,596,500) 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 have any impact on the Company's 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

On the path to achieving these defined objectives, we have within this reporting period secured 11 new option agreements covering 11 properties. These properties were 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. A total of 55 properties were reviewed during the reporting period while 23 others failed to meet our selection criteria and were abandoned.

At the present time, we have 34 mineral licenses dealt to various companies including Barrick Gold, AngloGold-Ashanti and Northern Mining Explorations. The Company is the largest individual license holder in Tanzania with 141 mineral licenses covering more than 11,570 square kilometres. All of these holdings are located in and around the world-class Lake Victoria Greenstone Belt in Tanzania.

Subsequent Events

Recently, and subsequent to the August 31, 2005 Balance Sheet date, the Tanzanian government approved full access and exploration activity for nine prospecting licenses in the southwestern portion of the Lake Victoria Gold Belt that fall under royalty agreements with AngloGold-Ashanti (previously Ashanti Goldfields), one of the world's preeminent gold mining companies. We consider this long sought access permit to be material to the Company's future.

This approval will facilitate a potential recovery of amounts owing to the Company under our multi-year option-royalty agreement with AngloGold-Ashanti. This payment is over and above the exploration expenditures already incurred by AngloGold-Ashanti under the agreement.

As previously reported, one of the strongest gold occurrences on the AngloGold-Ashanti option (Luhwaika), returned grab samples ranging from 0.01 to 233 grams (7.5 ounces) gold per tonne. The numerical average for 25 samples taken at this site was 11.8 grams (0.38 ounce) per tonne, while the average excluding the high-grade value (233 grams) was 2.5 grams (0.08 ounce) per tonne. A swarm of narrow veins has been discovered 300 metres away at Luhwaika West, which could represent a bulk tonnage gold deposit target.

Grab samples from Igunda, a shear-hosted, steeply dipping narrow vein occurrence three kilometres southeast of Luhwaika, ranged from 0.02 to 35.6 grams (1.1 ounce) per tonne. Nineteen grab samples from this occurrence returned a numerical average of 3.58 grams (0.12 ounce) per tonne, while the average excluding the high-grade value (35.6 grams) was 1.7 grams (0.05 ounce) per tonne.



Exploration Summary

Gold Exploration

Among the Company's most significant exploration successes during the year was the drill program on its Luhala Gold Project. The program was designed to follow up on favorable trenching results that returned significant gold values near surface. Three gold zones have been identified at Luhala: Kisunge West, Kisunge East and Kisunge Central. The Company's ability to evaluate the zones at depth was severely restricted by the inadequacy of its contractor-supplied drill rig and several holes were terminated in gold mineralization for that reason. This was a motivating factor in the Company's decision to purchase a new drill rig which has the capacity to drill RC (Reverse Circulation) and RAB (Rotary Air Blast) holes.

In September 2004, four trenches were excavated on a large regional soil anomaly measuring four kilometres in length and one kilometre in width on the Shinyanga Project Area in the southeastern portion of the Lake Victoria Greenstone Belt. Channel samples within this anomalous complex included highs of 10.3 grams per tonne gold across a 15 centimetre wide quartz vein and 10.3 grams across an 8 centimetre quartz vein. The average value for a 1.53 metre true section along these quartz veins was 2.12 grams per tonne gold.

In January 2005, the Company reported the discovery of highly anomalous gold and copper values in the Nyakona Hill area on its Kibara Project in Tanzania. Grab sample values included: 3.3 grams gold per tonne and 18.2% copper; 2.8 grams gold per tonne and 17.2% copper; 3.44 grams gold per tonne and 6.6% copper and 3.3 grams gold per tonne and 5.7% copper. These observations from this property are interesting given that a copper-gold association occurs at Barrick's nearby Bulyanhulu mine and Chocolate Reef deposit.

The new drill rig arrived in Mwanza, Tanzania in late April of 2005 and by June drilling had resumed on the Shinyanga Project to follow up on the favorable results reported the previous year. Mechanical issues with the drill slowed progress but these issues were largely resolved with the assistance of the drill manufacturer and the program was finished in August 2005.

Subsequently, the drill moved to the Shenda Area in the Kanegele region where drilling was completed the first week in September. The Shenda PL represents the second license where the Company's biogeochemical protocol was tested by drilling shallow holes. A total of 316 RAB (Rotary Air Blast) holes were completed on this license, amounting to 3,647metres. In addition, six RC holes were drilled totaling 258 metres. A record day for drilling occurred on September 2, 2005 when 649 metres of drilling was completed.

In early September 2005, the Company's exploration camp was moved from Shenda to Luhala with drill crews taking time off while maintenance was performed on the drill to ensure it would operate at peak performance for the upcoming Luhala drill program which began in October 2005. The RAB drilling component at Luhala focused on regional soil geochem targets and old RAB anomalies that had yet to be followed up. In addition, some of the program involved condemnation drilling on surrounding licenses where large property payments are due next year.

The RC drill program was designed to test the lateral continuity of gold values intersected in the three main target areas on Kisunge hill and generate an initial resource within these three target areas. The gold bearing horizon identified to date is quite flat, having a slightly steeper dip than Kisunge hill. Being oxide material, it allows for high penetration rates although overall ground conditions can be quite variable, resulting in a few lost holes. Near surface oxide material is attractive from an economic perspective because it can be bulk mined by open pit methods, with gold recovery using conventional heap leach techniques.



Kimberlite (Diamond) Exploration

Kimberlite exploration represented a significant component in the Company's field activities during the 2005 year, with diamond indicator minerals including garnets, ilmenites and chromites discovered on several properties. Systematic sampling of hardrock occurrences and stream drainages was designed to narrow down the search area for kimberlite pipes, the primary host for diamonds.

This grid-based sampling procedure allows the Company to focus its resources on targets with the greatest discovery potential. Kimberlites often have magnetic signatures that contrast with the surrounding rock. However, in Tanzania, this important feature can be masked by heavy overburden or mbuga. As a result, the Company is making use of its biogeochemical capability to confirm the existence of indicator minerals beneath moderate to deep Mbuga.

In the Geita Project area, a follow-up stream sampling program in June returned kimberlitic grains from a target area that produced favourable results in 2004. Further sampling and ground magnetic work are planned on this particular target area. In addition, microprobe analysis confirmed that a chromite grain discovered in the Ushirombo West Project area had a kimberlite source.

Other

Barrick Gold returned the Itetemia and Katente mineral licenses to the Company after concluding that the resources identified on these licenses were incompatible with Barrick's mineral processing facility at the nearby Bulyanhulu gold mine. No work has been done on either licenses since their return by Barrick. However, the Company expects to utilize its biogeochemical expertise and new drill to exploit the resource potential on these highly prospective licenses at a later date.

The Company has submitted a patent application under international intellectual property laws pertaining to an internally-developed biogeochemical protocol for mineral exploration. The patent application covers species selection, field sampling techniques, the training of samplers, data recording and a number of related procedures.

New acquisitions during the year boosted the Company's holdings to 141 mineral licenses covering more than 11,570 square kilometres, making Tan Range the largest individual license holder in the Lake Victoria Greenstone Belt.

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.



In addition to the higher level of expenditures planned on wholly-owned properties, the Company's joint venture partners, AngloGold-Ashanti and Northern Mining Explorations ("MDN"), have indicated they will be allocating significant resources to projects that are subject to royalty agreements with Tan Range. MDN recently announced the discovery of significant gold mineralization on a property it holds under a royalty agreement with Tan Range in the Tulawaka area. In order to fully exploit the potential of this property, exploration expenditures are expected to increase significantly.

Shareholder Rights Plan

The Company's Shareholder Rights Plan was allowed to expire on April 19, 2005. Introduced in 2000, this program was implemented as a means of delaying an acquisition by a suitor through a potential increase in share capital. It is the opinion of management that in today's strict corporate governance environment, renewal of this program was not in the best interests of the Company and its shareholders. It should be noted that the Company neither has nor expects a suitor at this time.

Selected Annual Information

	2005 August 31	2004 August 31	2003 August 31
Total Revenues	\$0	\$0	\$0
Net Loss for the period	(\$2,931,063)	(\$1,616,364)	(\$3,014,778)
Basic and diluted loss per share	(\$0.04)	(\$0.02)	(\$0.04)
Total assets	\$22,257,683	\$22,092,373	\$21,424,565
Total Long Term Financial Liabilities	\$175,011	\$0	\$0
Cash dividends declared per share	\$0	\$0	\$0

Results of Operations

The loss before income tax in 2005 was \$3,578,628; a \$1,962,264 increase from last year's loss before income taxes of \$1,616,364. The major reason for the higher loss before income taxes in 2005 was the write-off of deferred mineral property and exploration costs of \$1,629,932 on the abandonment of certain mineral properties in 2005. There was no abandonment or write-off of deferred exploration costs the previous year. A loss on foreign exchange of \$134,650 was incurred in 2005 as compared to a gain of \$48,630 in 2004. The 2005 foreign exchange loss is a result of exchange-related losses associated with the decline in value of the US dollar and Tanzanian shilling relative to the Canadian dollar. Net interest earned has decreased from \$30,626 for the year ending August 31, 2004 to an expense of \$11,488 for the current year-end. The reduction in interest earned is a reflection of the sale of high interest yielding bonds and includes interest paid on the interim financing and the Company's capital lease obligation for the Company's drill rig. The increase in insurance expense from \$65,744 for the year ending August 31, 2004 to \$97,412 for the current year and the increase in amortization from \$54,643 for the year ending August 31, 2004 to \$88,981 for the current year are both attributable to the acquisition of the drill rig and its ancillary equipment. The increase in Transfer Agent and Listing fees from \$68,895 for the year ended August 31, 2004 to \$140,166 is largely due to the listing on the American Stock Exchange. The increase in Salaries and Benefits from \$604,368 for the year ending August 31, 2004 to \$691,059 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. Some of these increased expenses have been offset by a reduction in Professional Fees from \$201,167 for the year ending August 31, 2004 to \$147,333 for the current year and a reduction in Property Investigation costs from \$254,991 for the year ending August 31, 2004 to \$133,627 for the current year. Professional Fees were reduced due to the successful initial completion of the Form 20-F in the prior year and Property Investigation Costs have decreased due to the focus on exploring properties held in inventory rather than increasing our portfolio of properties. The Company recorded a recovery in capital taxes during the year end August 31, 2004 of \$46,052, and no such recovery was incurred in the 2005 year.

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 prior year, resulting in a loss for the year of \$2,931,063 compared to a loss of \$1,616,364 in the prior year.

Summary of Quarterly Results (unaudited)

	2005 August	2004 August	2005 May	2004 May	2005 February	2004 February	2004 November	2003 November
Total Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Loss	(\$869,982)	(\$320,487)	(\$494,192)	(\$379,596)	(\$1,770,430)	(\$362,385)	(\$444,024)	(\$553,896)
Basic and diluted loss per share	\$0.010	\$0.004	\$0.006	\$0.005	\$0.021	\$0.004	\$0.010	\$0.010

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 2005. 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 raised \$2,625,000 by issuing 2,204,517 shares in Private Placement tranches with Mr. Sinclair, Chairman and CEO of the Company. In addition the Company received \$813,828 for share subscriptions for which shares were issued subsequent to August 31, 2005. The Company also received \$69,325 for 107,500 options that were exercised.

As of August 31, 2005 the Company's working capital was \$1,388,906 as compared to \$1,918,901 on August 31, 2004. The Company feels confident that it will continue to be able to raise capital through Private Placements with the Company's Chairman and CEO at an estimated total of \$3,800,000 for the year ending August 31, 2006, of which over \$800,000 had already been received as at 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:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Vancouver Office Lease ⁽¹⁾	\$15,750	\$15,750	Nil	Nil	Nil
Capital Lease	US\$209,034 ⁽²⁾	US\$43,248	US\$86,497	US\$79,289	Nil

⁽¹⁾ Expires on May 31, 2006.

⁽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 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 licence is issued for one year and renewed for a period not exceeding a year. All prospecting licences 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 is to maintain its interest are as follows:

Option Agreement Obligations	Option Payments Due by Period (US\$)				
	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
	\$2,951,500	\$418,000	\$829,000	\$847,000	\$857,500

The Company feels confident that it will continue to be able to raise capital through Private Placements with James E. Sinclair, the Company's Chairman and CEO, at an estimated total of \$3,800,000 for the year ending August 31, 2006. As at November 22, 2005, \$1,725,000 of this funding had been received by the Company. 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, 2005, \$44,813 was paid or payable by the Company to existing directors and a former director for consulting fees. Directors were paid \$92,986 in directors fees in 2005. The Company expects to continue paying directors and officers consulting and directing fees in the coming year at a similar level.

Fourth Quarter

Net loss for the fourth quarter was \$869,982 versus \$320,487 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 2005 in the amount of \$181,109. Loss on Foreign Exchange was \$131,184 for the fourth quarter of 2005 as compared to \$32,206 for the fourth quarter 2004. Amortization for the fourth quarter 2005 was \$58,800 as compared to \$16,470 for the fourth quarter 2004. Insurance was \$36,337 for the fourth quarter 2005 as compared to \$17,101 for the fourth quarter 2004. The increase in insurance and amortization are attributable to the ownership and operation of the new drill rig.

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, 2005 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.

Disclosure of Outstanding Share Data

As at the date of this MD&A, there were 85,218,532 common shares outstanding. In addition, there were 417,500 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.



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 information required (a) to be disclosed is recorded, processed, summarized and reported in a timely manner and (b) disclosed in the reports that we file or submit is accumulated and communicated to management to allow timely decisions regarding required disclosure.

Approval

The Board of Directors of Tan Range 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, along with additional information, 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.