

**TAN RANGE  
EXPLORATION  
CORPORATION**



**TAN RANGE EXPLORATION CORPORATION**

**Consolidated Financial Statements  
For the Three and Nine Months Ended May 31, 2005 and 2004  
(in Canadian Dollars)**

**Unaudited  
Prepared by Management  
Vancouver, B.C.**



**Tan Range Exploration Corporation**  
**Consolidated Financial Statements**  
**For the Three and Nine Months Ended May 31, 2005 and 2004**

**Notice**

The accompanying unaudited interim financial statements of Tan Range Exploration Corporation (the “Company”) have not been reviewed by the Company’s auditors.



**Tan Range Exploration Corporation**  
 Consolidated Balance Sheets  
 As at May 31, 2005 and August 31, 2004  
 (in Canadian Dollars)

<b>ASSETS</b>	<b>May 31, 2005</b>	<b>August 31, 2004</b>
<b>Current Assets</b>	<b>\$</b>	<b>\$</b>
Cash and Short Term Deposits	1,082,798	1,067,448
Short Term Investments	--	415,201
Accounts and Other Receivables	55,466	61,035
Prepaid Expenses	<u>114,533</u>	<u>521,889</u>
	1,252,797	2,065,573
 <b>Mineral Properties and Deferred Exploration Costs (note 3)</b>	 19,396,318	 19,853,296
Plant and Equipment	<u>1,016,075</u>	<u>173,504</u>
	<u>21,665,190</u>	<u>22,092,373</u>
 <b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	76,770	146,672
Interim Loan Facility	<u>215,223</u>	<u>--</u>
	291,993	146,672
 Future Income Taxes	 647,565	 647,565
 <b>SHAREHOLDERS' EQUITY</b>		
Share Capital (note 4)	43,430,071	42,145,471
Share Subscriptions Received (note 4)	851,542	--
Deficit	<u>(23,555,981)</u>	<u>(20,847,335)</u>
	<u>20,725,632</u>	<u>21,298,136</u>
	<u>21,665,190</u>	<u>22,092,373</u>

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

"James E. Sinclair", Director

"Victoria M. Luis", Director

Unaudited – Prepared by Management



**Tan Range Exploration Corporation**

Consolidated Statements of Operations and Deficit

For the three and nine months ended May 31, 2005 and 2004

(in Canadian Dollars)

	Three months ended		Nine months ended	
	May 31		May 31	
	2005	2004	2005	2004
	\$	\$	\$	\$
<b>EXPENSES</b>				
Annual general meeting	6,215	678	36,299	21,894
Capital Tax	--	--	3,243	--
Consulting and management fees	20,108	35,748	102,717	101,509
Depreciation	10,111	14,634	30,181	38,173
Insurance	15,184	16,490	52,931	48,643
Interest on Interim Loan	5,079	--	5,079	--
Memberships, courses and publications	133	2,322	649	2,322
New property investigation costs	3,180	5,673	80,377	380,219
Office and administration	19,782	11,155	65,833	57,419
Office rentals	14,425	8,081	50,682	62,394
Press releases	3,346	13,186	37,557	22,077
Printing and mailing	228	193	31,251	16,542
Professional fees	13,804	92,303	91,146	146,303
Promotions and shareholder relations	3,399	755	6,539	6,118
Salaries and benefits	165,247	164,572	494,350	406,163
Telephone and fax	7,521	7,240	21,713	20,688
Transfer agent and listing	75,075	17,228	99,814	58,768
Travel and accommodation	7,129	20,598	28,222	33,339
Training	28	(210)	18,875	11,822
	<u>369,994</u>	<u>410,646</u>	<u>1,257,458</u>	<u>1,434,393</u>
<b>LESS: EXPENSE RECOVERIES</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(43,809)</u>
	369,994	410,646	1,257,458	1,390,584
<b>OTHER (INCOME) EXPENSE</b>				
(Interest earned), net of expense	435	(10,185)	1,557	(23,146)
Sale of assets (Gain) Loss	991	12,692	(131)	12,692
Short term investments (Gain) Loss	--	10,077	(2,527)	(3,417)
Foreign Exchange (Gain) Loss	(87,596)	(43,634)	3,466	(80,836)
Write-off of mineral properties and deferred exploration and development costs	<u>210,368</u>	<u>--</u>	<u>1,448,823</u>	<u>--</u>
	124,198	(31,050)	1,451,188	(94,707)
<b>NET LOSS FOR THE PERIOD</b>	494,192	379,596	2,708,646	1,295,877
<b>DEFICIT, BEGINNING OF PERIOD</b>	<u>23,061,789</u>	<u>20,147,252</u>	<u>20,847,335</u>	<u>19,230,971</u>
<b>DEFICIT, END OF PERIOD</b>	23,555,981	20,526,848	23,555,981	20,526,848
<b>Basic and diluted loss per share</b>	.006	.005	.032	.016

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

Unaudited – Prepared by Management



**Tan Range Exploration Corporation**

Consolidated Statement of Cash Flows

For the three and nine months ended May 31, 2005 and 2004

(in Canadian Dollars)

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>May 31</b>		<b>May 31</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash provided from (used in):</b>				
<b>Operating activities:</b>				
Loss for the period	(494,192)	(379,596)	(2,708,646)	(1,295,877)
Items not affecting cash:				
Write-off of mineral properties	210,368	--	1,448,823	--
Depreciation	10,111	14,634	30,181	38,173
Loss (Gain) on sale of plant and equipment	991	12,692	(131)	12,692
Gain on short-term investments	--	--	(2,527)	--
	<u>(272,722)</u>	<u>(352,270)</u>	<u>(1,232,300)</u>	<u>(1,245,012)</u>
Change in non-cash working capital items:				
Accounts and other receivables	(470)	20,230	5,569	8,738
Prepaid Expenses	(65,379)	(22,640)	(77,644)	(30,440)
Accounts payable	<u>(92,566)</u>	<u>(34,148)</u>	<u>(69,902)</u>	<u>(237,315)</u>
	(431,137)	(388,828)	(1,374,277)	(1,504,029)
<b>Investing activities:</b>				
Mineral properties and deferred exploration and development costs, net	(425,256)	(382,695)	(991,845)	(493,705)
Short Term Investments	(2,527)	501,067	417,728	502,158
Plant and Equipment (additions) disposals, net	<u>(28,369)</u>	<u>1,010</u>	<u>(172,398)</u>	<u>(42,307)</u>
	(456,152)	119,382	(746,515)	(33,854)
<b>Financing Activities</b>				
Share capital issued	375,000	375,000	1,284,600	2,336,300
Share subscriptions received	<u>545,597</u>	<u>--</u>	<u>851,542</u>	<u>--</u>
	<u>920,597</u>	<u>375,000</u>	<u>2,136,142</u>	<u>2,336,300</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	33,308	105,554	15,350	798,417
<b>CASH, BEGINNING OF PERIOD</b>	<u>1,049,490</u>	<u>2,242,935</u>	<u>1,067,448</u>	<u>1,550,072</u>
<b>CASH, END OF PERIOD</b>	1,082,798	2,348,489	1,082,798	2,348,489
<b>Supplemental Information:</b>				
Non-cash transaction, purchase of plant and equipment financed by interim loan facility (\$215,223) and amount prepaid at August 31, 2004 (\$485,000)	--	--	700,223	--

See Accompanying Notes to the Unaudited Interim Consolidated Financial Statements

Unaudited – Prepared by Management



## **Tan Range Exploration Corporation**

Notes to the Unaudited Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2005 and 2004

(in Canadian Dollars)

### **1. Nature of operations**

Tan Range Exploration Corporation (the “Company”) is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral deposits that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for mineral properties and related deferred costs are dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to explore and develop, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as deferred expenditures and property acquisition costs represent net costs to date, less amounts recovered, amortized and/or written off, and do not necessarily represent present or future values.

### **2. Significant accounting policies**

These interim consolidated financial statements of the Company have been prepared by management, and have not been audited or reviewed by an independent public accountant. These interim consolidated financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these interim consolidated financial statements should be read in conjunction with the Company’s most recent annual consolidated financial statements. These interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s audited annual consolidated financial statements as at and for the year ended August 31, 2004.

These interim consolidated financial statements include the accounts of the Company and its subsidiaries.

Unaudited – Prepared by Management



**Tan Range Exploration Corporation**  
Consolidated Statement of Mineral Properties and  
Deferred Exploration and Development Cost  
For the Nine Months Ended May 31, 2005 and  
Year Ended August 31, 2004

**3. Mineral properties and deferred exploration and development costs:**

The continuity of expenditures on mineral properties is as follows:

	Itetemia Project (a)	Luhala Project (b)	Kigosi (c)	Lunguya (d)	Kanagele (e)	Tulawaka (f)	Ushirombo (g)	Mbogwe (h)	Biharamulu (i)	Other (j)	Total
Balance, August 31, 2002	\$7,288,200	\$2,498,293	\$1,072,516	\$2,177,768	\$785,565	\$1,424,545	\$1,330,002	\$984,190	\$679,869	\$311,607	\$18,552,555
Exploration expenditures:											
Camp, field supplies and travel	2,512	3,747	1,223	15,687	218	42	24,275	2,770	1,659	6,172	58,305
Exploration and field overhead	(143)	33,543	6,240	182,437	52,319	185,825	66,311	36,418	17,743	149,041	729,734
Geological consulting and field wages	22	314	6,510	47,786	1,234	-	5,376	130	278	397	62,047
Geophysical and geochemical	13,910	2,814	3,298	80,985	8,465	-	24,619	16,421	1,896	34,623	187,031
Property acquisition costs	-	40,519	36,183	-	6,900	-	-	-	12,501	57,850	153,953
Parts and equipment	-	-	-	1,454	-	-	1,875	-	-	2,937	6,266
Trenching and drilling	-	-	-	122,563	-	-	-	16,393	-	-	138,956
Option payments received	(11,410)	-	-	-	-	(56,974)	(44,419)	(11,410)	(60,752)	-	(184,965)
Reclassifications	-	-	371,411	-	-	4,270	(371,411)	-	-	(4,270)	-
	4,891	80,937	424,865	450,912	69,136	133,163	(293,374)	60,722	(26,675)	246,750	1,151,327
Write-offs	7,293,091 (729,309)	2,579,230	1,497,381	2,628,680 (35,342)	854,701	1,557,708	1,036,628 (106,386)	1,044,912	653,194 (10,744)	558,357 (149,655)	19,703,882 (1,031,436)
Balance, August 31, 2003	6,563,782	2,579,230	1,497,381	2,593,338	854,701	1,557,708	930,242	1,044,912	642,450	408,702	18,672,446
Exploration expenditures:											
Camp, field supplies and travel	-	13,967	-	5,528	3,406	-	1,098	-	2,259	21,386	47,644
Exploration and field overhead	-	168,588	39,175	129,371	101,526	56,643	52,614	41,485	28,182	348,888	985,189
Geological consulting and field wages	18,717	1,274	-	-	-	-	-	-	-	(21,113)	(19,839)
Geophysical and geochemical	-	4,813	3,986	60,625	73,524	2,598	16,065	2,288	5,244	91,976	261,119
Property acquisition costs	-	50,546	-	-	21,706	-	-	-	274	164,833	237,359
Parts and equipment	-	108	-	-	-	-	-	-	-	109	217
Trenching and drilling	-	1,095	-	-	-	-	-	-	-	-	1,095
Option payments received	(17,496)	-	(58,811)	-	-	(88,926)	(123,275)	(17,496)	(25,930)	-	(331,934)
Reclassifications	-	-	286,762	-	-	-	(286,762)	-	-	-	-
	1,221	240,391	271,112	195,524	200,162	(29,685)	(340,260)	26,277	10,029	606,079	1,180,850
Balance, August 31, 2004	6,565,003	2,819,621	1,768,493	2,788,862	1,054,863	1,528,023	589,982	1,071,189	652,479	1,014,781	19,853,296
Exploration expenditures:											
Camp, field supplies and travel	351	8,672	-	4,585	4,049	-	5,646	1,293	-	48,064	72,660
Exploration and field overhead	2,294	132,750	21,175	44,916	68,280	12,212	35,556	15,674	10,128	412,000	754,985
Geological consulting and field wages	-	-	12,853	-	-	-	-	-	-	-	12,853
Geophysical and geochemical	-	5,958	-	40,657	30,191	35	3,733	742	1,442	83,715	166,473
Property acquisition costs	-	42,649	17,120	-	38,823	12,492	-	-	-	166,794	277,878
Parts and equipment	-	4,799	-	-	-	-	-	-	-	-	4,799
Trenching and drilling	-	41,992	-	-	-	235	-	-	-	-	42,227
Option payments received	(24,978)	-	-	-	-	(134,713)	-	(24,978)	(155,361)	-	(340,030)
	(22,333)	236,820	51,148	90,158	141,343	(109,739)	44,935	(7,269)	(143,791)	710,573	991,845
Write-offs	(623,467)	-	-	-	-	-	(313,674)	(214,188)	(57,707)	(239,787)	(1,448,823)
Balance, May 31, 2005	5,519,203	3,056,441	1,819,641	2,879,020	1,196,206	1,418,284	321,243	849,732	450,981	1,485,567	19,396,318

Unaudited - Prepared by Management



**Tan Range Exploration Corporation**

Summary of Note Disclosure to the Consolidated Financial Statements

For the Three and Nine Months Ended May 31, 2005 and 2004

(in Canadian Dollars)

(Unaudited)

**4. Share Capital**

**(a) Share Capital**

	<u>Number</u>	<u>Amount (\$)</u>
Balance at August 31, 2004	82,464,037	42,145,471
Issued for cash	1,126,001	1,250,000
Issued on exercise of stock options, for cash	<u>60,000</u>	<u>34,600</u>
Balance at May 31, 2005	<u>83,650,038</u>	<u>43,430,071</u>

**(b) Share Subscriptions Received**

As at May 31, 2005, the Company has received \$851,542 for 697,414 shares subscribed for but not yet issued.

**5. Options Outstanding**

<u>Type of Security</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Options	15,000	\$0.51	August 7, 2006
Options	400,000	\$0.79	May 3, 2007
Options	<u>50,000</u>	\$0.83	June 20, 2007
	<u>465,000</u>		

Unaudited – Prepared by Management