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, 2004 and 2003.

The financial information in the MD&A is derived from the Company's Consolidated Financial Statements which was 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 December 14, 2004.

Business Overview

Tan Range Exploration Corporation is a minerals exploration company with more than a decade of experience in the Lake Victoria Greenstone Belt ("LVGB") of Tanzania. The Company acquires properties of merit either directly from the government or from license holders with whom it negotiates formal option agreements.

These agreements provide for the Company to become a majority interest holder in the licenses which is critical to its broader strategy of bringing industry partners on board and eventually deriving royalty income from the production of gold, diamonds and base metals.

After securing the licenses, the Company sets out to enhance their previously established exploration potential - in effect value-adding the properties and making them more attractive to joint venture partners. Agreements of this nature transfer the exploration risk to our industry partners while providing the Company with rental payments and work commitments on the licenses along with royalties should any of the properties achieve commercial production.

The Company's ability to accomplish this task and generate third party interest in its holdings is best illustrated by the option agreements we have with two of the world's largest mining companies: Barrick Gold and Ashanti Goldfields, and with Northern Mining Explorations/Minières du Nord ("MDN"), a technically-competent Montreal-based junior gold explorer.

MDN has a 30% interest in the Tulawaka gold project in Tanzania which is currently being developed for production by Pangea Goldfields, a wholly-owned subsidiary of Barrick Gold. It also has extensive holdings under option from Tan Range surrounding the Tulawaka gold project.

In selecting this particular business strategy, the Company seeks to avoid excessive dilution of shareholders' equity that is generally associated with meeting the capital obligations of exploration and mine development as a fully participating partner.

As a royalty holder, however, the Company has a flexible revenue stream (cash or gold), immediate payments upon production, low overhead costs (because it is not involved in mining or mineral processing), royalty payments that are not affected by higher operating costs and inflation, and a direct interest in any exploration upside free of capital obligations.

While the royalty strategy is its preferred method of operation, the Company has not ruled out developing mineral properties for its own account should a suitable situation arise.

Land Acquisition Program

In the past year, the focus of the Company's exploration activities has largely been on gold and diamonds. However, a land acquisition program initiated by the

Company in 2003-04 has grown its exploration portfolio into a much more consolidated position that includes ground with base metals potential.

Employing a geological model for the high grade Kabanga nickel deposit in Tanzania, which is being brought into production by Barrick Gold and Falconbridge Ltd., several large tracts of land were acquired whose geological signatures support the possible discovery of commercially attractive concentrations of nickel mineralization.

Another important aspect of this acquisition program is the fact that the Company's aggregate land position in the LVGB now has the critical mass to attract joint venture partners.

With the commodity sector likely entering a period of strong demand and potentially much higher prices, the Company's diverse land portfolio is almost certain to become an appreciating asset as our exploration crews establish economic potential on our holdings employing traditional and non-traditional exploration methods.

At the present time, the Company holds 121 prospecting licenses in the LVGB, covering an area of approximately 8,000 square kilometres. That's roughly a 50% increase from a year earlier when 78 licenses were held, representing approximately 4,800 square kilometres. Several more license applications have been submitted to the Tanzanian government and are currently working their way through the approval process.

Optimization of Land Position

Management's primary thrust in the past year has been to optimize exploration work on the Company's existing assets in the LVGB in order to facilitate the discovery of economically viable mineral deposits. In the past year, the Company has identified and prioritized gold and kimberlite targets based on the reinterpretation of in-house geophysical data and results from ground-based geological surveys which have been ongoing throughout the year.

Given the carrying costs associated with maintaining such a large land position, the Company relies on highly qualified and experienced geological and support staff to evaluate its holdings in a thorough and expeditious manner. Despite operating in a highly competitive job market, the Company has managed to attract a multi-disciplined group of industry professionals who are committed to achieving the Company's objective of becoming a mineral royalty company.

Biogeochemistry

A key component in this optimization process is the deployment of biogeochemistry techniques in our field programs.

One of the major problems confronting mineral explorers in the LVGB - and for that matter in most other greenstone belts in the world - is the presence of deep overburden which frequently masks the existence of favorable host rocks for gold, diamonds and other mineral commodities.

Over the past year, the Company has expended considerable effort to identify an exploration tool that would help our in-house geoscientists identify mineral potential beneath heavy cover. After carefully reviewing a variety of options, management concluded that biogeochemistry was a cost-effective methodology for the preliminary evaluation of its mineral properties.

Protocols have been developed by the Company relating to the selection and analysis of sample materials and specially trained crews have been put into the field to gather samples for analysis. In addition, a biogeochemistry laboratory has been established in Mwanza for the preparation of sample materials which are then sent to independent laboratories.

At the present time, the Company is examining the possibility of protecting its internally developed biogeochemical methodology via international laws governing intellectual property.

New Drill Rig

Given the high level of exploration activity in the LVGB, obtaining a drill contractor with the rig capacity to meet our needs in Tanzania has proved difficult, if not impossible. As a result, the Company elected to finance the construction and deployment of its own drilling rig to ensure that its exploration objectives could be pursued in a timely fashion

The combination RC (Reverse Circulation) and RAB (Rotary Air Blast) drill rig includes a reconditioned Samil 100 truck, coupled with an Ingersoll Rand high pressure air compressor and related accessories A similar truck fitted with a 3,000 litre water tank and a 3,000 litre diesel tank was also acquired to support drilling operations. This rig has the ability to drill large diameter holes quickly and accurately, while providing a large bulk sample of drill cuttings for laboratory analysis.

Significant Corporate Events

Subsequent to year-end, Barrick East Africa Ltd., a wholly owned subsidiary of Barrick Gold, notified the Company that it had elected to drop its option on the Itetemia and Katente mineral licenses which were subject to joint venture agreements between the two companies. In announcing its decision to drop the properties, Barrick sited the lack of metallurgical compatibility between the mineralization on these properties and the milling complex at its Bulyanhulu gold mine which is designed to treat gold-copper ores.

Based on work to date, the Company believes that Itetemia, which adjoins the Bulyanhulu mine, has strong potential to host an economic mineral deposit.

General Exploration Activities

The Company employs a variety of exploration techniques to evaluate areas that are considered to be prospective for mineral deposits. Drill augers are used to take shallow samples beneath mbuga soils, while termite mounds are frequently sampled to determine the presence of metallic and non-metallic minerals - sometimes from considerable depths. In many cases, samples are pre-concentrated in the field by gravity methods to reduce sample volumes.

Hundreds of samples were taken from various targets during the year, some of which returned significant gold and base metal values, along with diamond indicator minerals. Results from this work were entered into the Company's computerized database and follow-up work is planned to advance many of these targets in the coming year.

EXPLORATION HIGHLIGHTS

GOLD
Luhala Project Area

The Company resumed drilling in 2004 on its Luhala gold property, approximately 70 kilometres south of Mwanza, Tanzania. This 100% owned property hosts a large gold mineralized system that was never fully evaluated in the past.

Drilling began in late summer with 14 RC drill holes testing a large surface gold-in-soil geochemical anomaly that was identified in earlier phases of exploration. In total, three individual target areas were tested at Luhala with several holes terminating in economically significant gold mineralization. The discovery has the geological signature of a stratabound, shear-hosted, gold deposit and exhibits good correlation between the higher grade zones identified to date. Deeper testing of the various drill targets, including the holes that bottomed in gold mineralization, was precluded by the limited depth capacity and mechanical availability of the RC drill rig which was only able to drill efficiently to approximately 50 meters.

The shallow dipping nature of the discovery suggests that the gold-bearing oxide zone has considerable potential down dip and along strike, a hypothesis that will be tested in 2005 with the Company's new drill rig which will have better mechanical availability and greater depth capacity.

Shinyanga Project Area

Six trench samples taken at a large regional soil anomaly in the Shinyanga Project Area returned an average value of 2.12 grams per tonne gold across a 1.53 metre true width. Biogeochemical sampling has been conducted over the mbuga (overburden) to the west to determine any lateral extension to this anomaly.

The geological model being employed for this area is a shear-hosted gold zone. Among the geological features that have provided encouragement thus far are fold features, the fact the gold is not confined to quartz veining, and the physical size of the anomaly.

Kibara Project Area

Recently, field crews returned to the Nyakona hill area to re-check a gold/copper anomaly grab sample that averaged 13% copper and 6 grams gold per tonne. Another 12 samples were collected, the majority of which contained up to 40% malachite, an oxide mineral of copper. Samples have been submitted to ALS Chemex Lab for gold and multi-element analysis and results are pending.

DIAMONDS

During the year ended August 31, 2004, the Company signed an Option Agreement to acquire a 90% interest in prospecting licenses northwest of Mwadui (near the Williamson diamond mine) where two kimberlites, the primary source rocks for diamonds, were reported to be diamondiferous by the Tanzanian Land Registry.

After the pipes are field located and confirmed diamondiferous, ground magnetic surveys, indicator mineral sampling and analysis will be carried out to better understand the two kimberlites. Because kimberlites generally occur in clusters over a wide geographical area, large tracts of land are essential for evaluation purposes and our land acquisition program was designed to accommodate this requirement.

The Company has also established protocols for quality control, quality assurance and security for all its diamond-related exploration activities and initial results confirm the protocols are working effectively. Field work, including stream, auger and related sample techniques, have returned diamond indicator minerals from several areas and these will be evaluated in the coming year.

New Royalty Agreements

Subsequent to August 31, 2004, the Company closed Royalty Agreements on three new prospecting licenses in the LVGB with MDN. Under these agreements, MDN can earn 100% of the Company's underlying interest in the licenses, each of which is subject to agreements with third parties. In total, the three licenses comprise an area of approximately 70 square kilometres. They are part of a series of licenses that MDN holds under option from Tan Range around the Tulawaka gold project.

Over the five year period of the option agreement, MDN is required to make staged cash payments to the Company, incur at least US$75,000 in exploration expenditures on each license in the first two years, and complete 13,200 metres of diamond drilling on a staged basis on each license over the entire life of the agreement.

The Company retains the right to escalating net smelter royalties in commercial production from each license. These royalties are tied to the price of gold and range from 0.5% below $US250 per ounce to a maximum of 2% at $US380 per ounce. In addition, a 2% Gross Overriding Royalty is applicable to all diamond production from each of the licenses.

Overall Performance

The Company believes that the fundamentals for commodity prices are likely to remain strong for some time to come. This is particularly true for gold, which will benefit longer term from a depreciating US dollar, and also for base metals given the industrialization process taking place in Asian economies. The Company's land acquisition program in the LVGB also gives it increased exposure to base metals - especially nickel - which is used in the manufacturing of stainless steel and is certain to benefit from continued demand from Asian manufacturers.

As of August 31, 2004 the Company had Current Assets of $2,065,573 as compared to $2,551,912 on August 31, 2003. Current Assets included a deposit of $482,069 which was advanced for the commissioning of a drill rig which upon completion will become a fixed asset. Deferred Exploration Costs are $19,853,296 which includes $1,180,850 invested this year. The Company recovered $331,934 of exploration costs from our option partners in 2004 and $184,965 in 2003.

The Company has financed its operations and investments through the issuance of common shares in the amount of $2,596,000 in 2004 and $3,727,265 in 2003.

Outlook

Exploration expenditures are expected to remain at above average levels over the coming months as the Company resumes work on priority targets identified earlier this year. In addition, the significant growth in our land position in the LVGB will generate additional targets for evaluation using a variety of traditional and non-traditional exploration techniques. After confirming the exploration potential on these properties, it is the Company's intention to deal them off to third parties under option agreements with royalty provisions.

The availability of a new RC/RAB drill will increase our ability to drill test targets in a cost effective and expeditious manner, while placing the Company in a highly competitive position versus its peers. The majority of this exploration work will be funded from private placements by James E. Sinclair, Chairman and CEO of the Company.

In addition to the high level of expenditures planned on wholly-owned properties, the Company's joint venture partners, Barrick Gold, Ashanti Goldfields and Northern Mining Explorations, are allocating significant resources to projects that are subject to royalty agreements with Tan Range Exploration.

Selected Annual Information

	Aug 31, 2002	Aug 31, 2003	Aug 31, 2004
Total Revenues	$0	$0	$0
Net Loss for the period	$(1,343,958)	$(3,014,778)	$(1,616,364)
Basic and diluted loss per share	$(0.02)	$(0.04)	$(0.02)
Total assets	$20,912,060	$21,424,565	$22,092,373
Total Long Term Financial Liabilities	$0	$0	$0
Cash dividends declared per share	$0	$0	$0

Results of Operations

The operating loss in 2004 was $1,616,364 which is much lower than last year's loss of $3,014,778. The major reason for the higher loss in 2003 was the write-off of deferred exploration costs of $1,031,436. There has been no write-off of deferred exploration costs this year due to the identification of a biogeochemical protocol that has the capacity to detect mineral constituents beneath deep overburden. As a result, properties that were scheduled for write-off will be held in abeyance until they are reassessed using the new biogeochemical protocol.

The reduction in loss is also attributable to the reduction in professional fees which were $201,167 in 2004 and $309,556 in 2003. Additionally, the cost expended to investigate new properties dropped from $380,086 in 2003 to $254,991 in 2004.

Summary of Quarterly Results (unaudited)

	August		May		February		November	
	2004	2003	2004	2003	2004	2003	2004	2003
Total Revenue	$0	$0	$0	$0	$0	$0	$0	$0
Net Loss	$(320,487)	$(1,484,551)	$(379,596)	$(727,367)	$(362,385)	$(349,908)	$(553,896)	$(452,952)
Basic and diluted loss per share	$0.004	$0.019	$0.005	$0.009	$0.004	$0.005	$0.01	$0.01

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 quarter ending August 2003. 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 on its properties is largely based upon its ability to raise capital by equity funding. Throughout the year, the Company raised $2,250,000 by issuing 1,477,050 shares in privately placed tranches with Mr. Sinclair, Chairman and CEO of the Company.

As of August 31, 2004 the Company's working capital was $1,918,901 as compared to $2,092,912 on August 31, 2003. 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 anticipated rate of $125,000 per month. 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**	**1-3 years**	**3-5 years**	**More than 5 years**
Mwanza Office Lease(1)	US$12,000	US$1,000/mo	Nil	Nil	Nil
Dar es Salaam Office Lease(2)	US$5,760	US$480/mo	Nil	Nil	Nil
Vancouver Office Lease(3)	CDN$20,400	CDN$1,700/mo	Nil	Nil	Nil
Field Staff House Lease(4)	US$4,800	US$400/mo	Nil	Nil	Nil

(1) Renewable annually in October, 2005. (2) Renewable annually in January, 2005.
(3) Expires on May 31, 2005. (4) Renewable annually in July, 2005.

Capital Resources

The Company has purchased a drill rig and has made an initial payment of $482,069. In addition, the Company will pay Rand 1,435,950 to complete the purchase which at a conversion rate of .20966 amounts to $301,061.

The Company acquires gold or other precious metal concessions through its own efforts or through the efforts 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 can be 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 is renewable two times for a period up to two years each. At each renewal at least 50% of the area is relinquished. However, in some cases we re-apply for the licenses through subsidiary companies. A reconnaissance license is issued for one year and renewed for a period not exceeding a year. All prospecting licenses are granted subject to an annual rental fee of not more than U.S. $30 per square kilometer payable to the government of Tanzania, 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 production at the rate of 3% of all gold produced.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Transactions with Related parties

During the year ended August 31, 2004, $22,435 was paid or payable by the Company to existing directors and a former director for consulting fees. Directors were paid $88,470 in fees. The Company expects to continue paying directors' fees at a similar level.

Fourth Quarter

Net loss for the fourth quarter was $320,487 versus $1,484,551 for the same period in the previous year. The reduction in loss was primarily due to a one time write-off of mineral properties that incurred in 2003 in the amount of $1,031,436.

During the fourth quarter, the Company paid $482,069 toward the purchase of a new drill rig. The Company is actively seeking financing for the balance of the purchase ($301,061).

Changes in Accounting Policies including Initial Adoption

There have been no changes in accounting policies which affect the August 31, 2004 consolidated financial statements.

Critical Accounting Estimates

Mineral property acquisition costs and related direct exploration costs are deferred until the properties are placed into production, sold, abandoned or management determines that the mineral property is not economically viable, at which time unrecoverable deferred costs are written off.

A write-down may be warranted in situations where a property is to be sold or abandoned; exploration activity ceases on a property due to unsatisfactory exploration results or insufficient available funding; unfavourable changes occur in the property or project economics; an inability to access the site arises; environmental restrictions are placed on development; or political instability occurs. Management is required to make estimates involving these factors to determine if an impairment or write-down of mineral properties is required as at any point in time. Write-downs of mineral properties may occur in the future due to changes in events or circumstances such as those noted above and any changes to estimates embedded in impairment reviews.

Disclosure of Outstanding Share Data

As at the date of this MD&A, there were 82,986,098 common shares outstanding. In addition, there were 515,000 director and employee stock options outstanding at an average weighted price of $0.76. The Company has no share purchase warrants outstanding.

Financial Instruments and Other Instruments

The Company's financial assets and liabilities consist of cash and cash equivalents, short-term investments, other receivables and accounts payable and accrued liabilities. 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.

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