



TAN RANGE EXPLORATION CORPORATION

**Consolidated Financial Statements
For the Three and Six Months Ended February 28, 2003 and 2002**

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

Tan Range Exploration Corporation
Consolidated Balance Sheet
As at February 28, 2003 and August 31, 2002

ASSETS	February 28, 2003	August 31, 2002
Current Assets	\$	\$
Cash and Short Term Deposits	3,093,046	2,027,272
Accounts and Other Receivables	48,109	56,867
Prepaid Expenses	<u>8,490</u>	<u>56,261</u>
	3,149,645	2,140,400
MINERAL PROPERTIES AND DEFERRED EXPLORATION AND DEVELOPMENT COSTS	19,163,390	18,552,555
Capital Assets	<u>197,042</u>	<u>219,105</u>
	22,510,077	20,912,060
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	125,494	218,982
Future Income taxes	1,087,565	1,087,565
SHAREHOLDERS' EQUITY		
Share Capital	38,316,071	35,821,706
Deficit	<u>(17,019,053)</u>	<u>(16,216,193)</u>
	<u>21,297,018</u>	<u>19,605,513</u>
	22,510,077	20,912,060

"Victoria Luis", Director

"James Sinclair", Director

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Tan Range Exploration Corporation

Consolidated Statements of Operations and Deficit

For the Three and Six months ended February 28, 2003 and 2002

	Three months ended		Six months ended	
	February 28		February 28	
	2003	2002	2003	2002
	\$	\$	\$	\$
EXPENSES				
Annual General Meeting	11,077	5,464	11,077	8,213
Depreciation	14,795	8,200	29,047	16,950
Consulting and Management Fees	62,617	43,184	110,258	73,557
Insurance	14,232	10,414	17,283	19,669
Membership, Courses & Publications	5,134	2,981	21,393	5,057
New Property Investigation Costs (Note 5)	(56,955)	16,691	42,127	56,024
Office and Administration	21,653	10,424	37,503	16,476
Office Rentals	38,415	3,120	76,947	26,225
Press Releases	2,133	3,818	4,973	7,378
Printing and Mailout	(558)	302	7,942	770
Professional Fees	69,147	22,716	100,647	31,250
Promotion and Shareholder Relations	41,456	22,058	64,645	31,348
Salaries and Benefits (Note 5)	11,296	79,037	158,992	130,459
Telephone and Fax	8,464	7,157	21,932	14,843
Transfer Agent and Listing	21,932	19,387	25,987	21,818
Travel and Accommodation	26,134	864	40,080	16,809
Training	(44)	-	2,187	-
Vehicles	(1,363)	-	-	-
	<u>289,565</u>	<u>255,817</u>	<u>773,020</u>	<u>476,846</u>
LESS: EXPENSE RECOVERIES	<u>-</u>	<u>(1,736)</u>	<u>-</u>	<u>9,754</u>
	289,565	257,553	773,020	467,092
OTHER (INCOME) EXPENSE				
(Interest Earned), Net of Expense	(5,012)	(9,043)	(12,100)	(15,976)
Foreign Exchange (Gain) Loss	<u>65,355</u>	<u>5,463</u>	<u>41,940</u>	<u>10,144</u>
	60,343	(3,580)	29,840	(5,832)
NET LOSS FOR THE PERIOD	349,908	253,973	802,860	461,260
DEFICIT, BEGINNING OF PERIOD	<u>16,669,145</u>	<u>15,079,522</u>	<u>16,216,193</u>	<u>14,872,235</u>
DEFICIT, END OF PERIOD	17,019,053	15,333,495	17,019,053	15,333,495
Basic and diluted loss per share	.005	.005	.010	.009

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Tan Range Exploration Corporation
Consolidated Statement of Cash Flows
For the Three and Six months ended February 28, 2003 and 2002

	Three months ended		Six months ended	
	February 28		February 28	
	2003	2002	2003	2002
	\$	\$	\$	\$
Cash provided from (used in)				
Operating activities				
Loss for the period	(349,908)	(253,973)	(802,860)	(461,260)
Items not affecting cash:				
Depreciation	14,795	8,200	29,047	16,950
Loss (gain) on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	14,795	8,200	29,047	16,950
Change in non-cash working capital items	<u>(145,192)</u>	<u>2,681</u>	<u>(36,958)</u>	<u>(482,446)</u>
	(480,305)	(243,092)	(810,771)	(926,756)
Investing Activities				
Mineral properties and deferred exploration	(220,498)	(412,782)	(610,835)	(714,732)
Capital asset (additions) disposals, net	<u>(4,340)</u>	<u>3,355</u>	<u>(6,985)</u>	<u>165</u>
	(224,838)	(409,427)	(617,820)	(714,567)
Financing Activities				
Share capital issued	<u>669,600</u>	<u>12,250</u>	<u>2,494,365</u>	<u>12,250</u>
NET INCREASE (DECREASE) IN CASH	(35,543)	(640,269)	1,065,774	(1,629,073)
CASH BEGINNING OF PERIOD	<u>3,128,589</u>	<u>2,075,989</u>	<u>2,027,272</u>	<u>3,064,793</u>
CASH END OF PERIOD	3,093,046	1,435,720	3,093,046	1,435,720

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Tan Range Exploration Corporation

Summary of Note Disclosure to the Consolidated Financial Statements
For the Three and Six Months Ended February 28, 2003 and 2002
(Unaudited)

1. Nature of operations

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 Tan Range Exploration Corporation (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, 2002 except as described below in Note 3.

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

Name of Company	Percentage Ownership
Dia Consult Limited (a Tanzanian Company)	100%
Itetemia Mining Company (a Tanzanian holding company)	90%
Kabahelele Mining Company (a Tanzanian holding company)	80%
Tancan Mining Company Limited (a Tanzanian holding company)	100%
Tanzania American International Development Corporation 2000 Limited (a Tanzanian Company)	100%

Tan Range Exploration Corporation

Summary of Note Disclosure to the Consolidated Financial Statements

For the Three and Six Months Ended February 28, 2003 and 2002

(Unaudited)

3. Stock-based compensation

Effective September 1, 2002, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants with respect to the accounting for stock-based compensation and other stock-based payments. The new recommendations are applied prospectively. As the Company did not grant any options during the quarter ended February 28, 2003, the adoption of the new standard had no effect on the quarterly financial statements.

The Company accounts for all stock-based payments to non-employees, and employee awards that are direct awards of stock, granted on or after September 1, 2002, using the fair value method. No compensation cost is recorded for options granted to employees. Consideration paid by employees on the exercise of stock options is recorded as share capital. The Company will disclose the pro forma effect of accounting for these awards under the fair value based methods.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterpart performance is complete and any change therein recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date.

Tan Range Exploration Corporation
Consolidated Statement of Mineral Properties and
Deferred Exploration and Development Costs
For the Six Months Ended February 28, 2003 and
Year Ended August 31, 2002

4. Mineral properties and deferred exploration and development costs (continued):

The continuity of expenditures on mineral properties is as follows:

	Iteitemia (a)	Luhala (b)	Kigosi (c)	Lunguya (d)	Kanagele (e)	Tulawaka (f)	Ushirombo (g)	Mbogwe (h)	Biharamulu (i)	Other (j)	Total
Balance, August 31, 2001	6,762,014	1,949,444	-	-	-	315,608	-	-	-	48,063	9,075,129
Exploration expenditures:											
Camp, field supplies and travel	31,826	8,647	-	5,497	-	-	-	-	-	698	46,668
Exploration and field overhead	155,871	198,784	9,144	140,702	-	-	1,258	18,191	-	9,612	533,562
Geological consulting and field wages	70,900	73,104	-	-	-	-	-	-	-	-	144,004
Geophysical and geochemical	30,342	137,157	532	8,572	5,504	-	-	2,287	3,173	20,556	208,123
Property acquisition costs	82,583	57,125	1,062,840	1,945,732	780,061	1,111,747	1,328,744	976,320	676,696	275,957	8,297,805
Parts and equipment	5,542	150	-	-	-	-	-	-	-	-	5,692
Trenching and drilling	149,122	73,882	-	77,265	-	-	-	-	-	317	300,586
	526,186	548,849	1,072,516	2,177,768	785,565	1,111,747	1,330,002	996,798	679,869	307,140	9,536,440
Write-offs	7,288,200	2,498,293	1,072,516	2,177,768	785,565	1,427,355 (2,810)	1,330,002	996,798 (12,608)	679,869	355,203 (43,596)	18,611,569 (59,014)
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	2,527	3,769	1,122	15,511	236	-	-	-	596	3,156	26,917
Exploration and field overhead	-155	65,088	1,426	190,740	1,220	4,327	3,178	1,499	-	54,678	322,001
Geological consulting and field wages	24	324	7,042	44,162	1,335	-	-	-	-	129	53,017
Geophysical and geochemical	11,006	3,468	459	19,460	9,158	-	-	13,640	1,381	13,046	71,618
Property Acquisition costs	-	23,033	27,123	35,784	-	-	-	-	13,524	34,841	134,304
Parts and equipment	-	-	-	1,572	-	-	-	-	-	-	1,572
Trenching and drilling	-	-	-	147,041	-	-	-	17,734	-	-	164,775
Recoveries	(11,410)	-	-	-	-	(56,974)	(22,823)	(11,410)	(60,752)	-	(163,369)
	1,992	95,682	37,172	454,270	11,949	(52,647)	(19,645)	21,463	(45,251)	105,850	610,835
	7,290,192	2,593,975	1,109,688	2,632,038	797,514	1,371,898	1,310,357	1,005,653	634,618	417,457	19,163,390
Write-offs											
Balance, February 28, 2003	\$ 7,290,192	2,593,975	1,109,688	2,632,038	797,514	1,371,898	1,310,357	1,005,653	634,618	417,457	19,163,390

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4. Acquisition costs and exploration and development costs relating to mineral properties are deferred until the properties are brought into production, at which time they are amortized on a unit-of-production basis, or until the properties are abandoned or sold or management determines that the mineral property is not economically viable, at which time the deferred costs are written off.
5. For the period ending November 30, 2002, the salaries of certain employees and certain property investigation costs were expensed. As at February 28, 2003, conditions existed to justify the deferral of these amounts consequently and prospective adjustments were made to salaries and benefits in the amount of \$40,371 and property investigation expense in the amount of \$56,955.

6. Share Capital

<u>Share Capital</u>	<u>Number</u>	<u>Amount (\$)</u>
Balance at August 31, 2002	74,714,203	35,821,706
Issued for cash	0	0
Conversion of Special Warrants	0	0
Received on subscriptions	0	102,000
Subscriptions receivable	0	(9,000)
Issued on exercise of stock options	1,830,000	915,600
Issued on exercise of warrants	2,451,275	1,485,765
Issuance costs	0	0
Balance at February 28, 2003	78,995,478	38,316,071

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Summary of Note Disclosure to the Consolidated Financial Statements

For the Three and Six Months Ended February 28, 2003 and 2002

(Unaudited)

7. Options & Warrants outstanding

<u>Type of Security</u>	<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Warrants	98,000	\$0.60	May 30, 2003
Options	435,000	\$0.50	March 1, 2004
Options	74,000	\$0.45	January 4, 2005
Options	60,000	\$0.45	January 7, 2005
Options	50,000	\$0.50	January 19, 2005
Options	275,000	\$0.40	November 8, 2005
Options	405,000	\$0.51	August 7, 2006
Options	490,000	\$0.79	May 3, 2007
Options	40,000	\$0.96	May 23, 2007
Options	50,000	\$0.83	June 20, 2007

8. Stock Options

<u>Stock Options</u>	<u>Number</u>	<u>Cost</u>
Balance at August 31, 2002	4,084,000	\$0.33 to \$0.96
Granted	0	0
Expired or cancelled	375,000	\$0.33 to \$0.92
Exercised	1,830,000	\$0.33 to \$0.92
Balance at February 28, 2003	1,879,000	\$0.40 to \$0.96

9. Warrants

<u>Warrants</u>	<u>Number</u>	<u>Cost</u>
Balance at August 31, 2002	2,674,275	\$0.60 to \$0.70
Granted	0	0
Expired	125,000	\$0.60
Exercised	2,451,275	\$0.60 to \$0.70
Balance at February 28, 2003	98,000	\$0.60

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