Tango Gold Mines Incorporated
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TSX Venture: TGV

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Tango Gold Mines Incorporated (the "**Company**" or "**Tango Gold**"), formerly known as F.D.G. Mining Inc., constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended November 30, 2013. The Company's unaudited interim condensed consolidated financial statements and related notes for the periods ended November 30, 2013 and 2012 were prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise stated. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Tango Gold's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. Additional information relevant to Tango Gold's activities, including Tango Gold's press releases can be found on SEDAR at www.sedar.com.

Date

This MD&A is dated as of January 29, 2014.

Disclaimer

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of resource and reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of Tango Gold to obtain all permits, consents or authorizations required for its operations and activities; and health, safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of Tango Gold to fund the capital and operating expenses necessary to achieve its business objectives, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by Tango Gold. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Tango Gold should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

Overall Performance

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties in the Republic of Nicaragua, Central America.

Since 2009, the Company's primary focus has been the acquisition, subject to a 3% net smelter return royalty, of a 100% undivided interest in the Topacio Concession (the “**Topacio Concession**”), a 9,300 hectare (ha) gold exploration project located in the South Atlantic Autonomous Region of the Republic of Nicaragua, Central America with a National Instrument 43-101 (NI 43-101) Inferred Mineral resource of 2,716,176 tonnes (t) averaging 3.9 grams/tonne (g/t) gold estimated to contain 340,345 ounces gold.

Pursuant to the terms of a definitive option agreement dated April 30, 2010 (the “**IMISA Agreement**”) with Inversiones Mineras, S.A. (“**IMISA**”), as amended, the Company held the exclusive right and option to acquire the Topacio Concession by paying the purchase price of US$3,000,000 at any time on or before April 30, 2016 (the “**Option Period**”) and additional US$60,000 semi-annual payments commencing on October 30, 2009 and every years thereafter until April 30, 2013 then rising to US $90,000 until the purchase price is paid.

However, in light of, among other things, recent market conditions and the size of the current inferred resource on the Topacio Concession, the Company has been forced to re-evaluate the economics of its proposed acquisition of the Topacio Concession and during the quarter ceased all further exploration activities pending a re-negotiation of the purchase price under the IMISA Agreement. As a result, the Company did not make the USD $90,000 semi-annual payment due to IMISA on 1 November 2013 and has restructured its operations in Nicaragua such that, as of 1 January 2014, all technical consultants and other staff will be engaged solely on an hourly rate or daily rate basis as needed from time to time. As part of such restructuring Andrew Neale stepped down as CEO of the Company effective 13 December 2013 and Antonio Ponte, Executive Chairman of the Company, was appointed as Chief Executive Officer in his place. The IMISA Agreement has since been terminated; however, the Company has presented an offer to IMISA for the immediate purchase of a 100% interest in the Topacio Concession, which, if successful, could potentially enable the Company to secure financing opportunities to continue with an evaluation, development and execution plan for the concession. As of the date of this MD&A, the Company has not entered into a new agreement for the purchase of the Topacio Concessions and there are no assurances that the Company will be successful in its efforts to re-negotiate the purchase price for the concession on satisfactory terms or at all.

As of November 30, 2013, the Company had incurred a total of $3,669,863 (August 31, 2013 - $3,560,723) in exploration and evaluation expenditures on the Topacio Concession.

On January 15, 2013, the Company announced that it had reached an agreement with Leslie Earl Coe Hodgson (“Coe”) to acquire Exploraciones Mineras de Nicaragua, S.A. (“Exminicsa”), a private Nicaraguan company controlled by Leslie Coe. This agreement gave the Company a 100% interest in the San Pedro concession (3,500 ha) in the La Libertad mining camp, eastern Nicaragua, and three concessions (La Troncha (825 ha), La Ochoa (500 ha) and Cerro Kum (350 ha) in the Rio Bocai region in north central Nicaragua. The agreement provided Coe with 1,500,000 shares of the Company, with Coe retaining a 2% NSR on the properties subject to TSX-V approval. Upon review the TSX-V did not approve the granting of the 1,500,000 shares to Coe. On March 15, 2013 Exminicsa received official notice from the Nicaruagua Ministry of Energy and Mines that the four claims had been revoked.

Currently, the Company has approximately CAD $1.5 million in cash in its treasury, no debt, and is evaluating other opportunities that are available for acquisition.

Recent Financings

On October 30, 2013 the Company issued 19,000,000 common shares at $0.05 for gross proceeds of $950,000 in connection with a private placement. Finder’s fees in the amount of $17,500 have been recorded as owing in connection with the private placement.

On March 22, 2013, the Company completed a non-brokered private placement where the Company sold a total of 30,550,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $3,055,000 (the "Financing"). Each Unit consisted of one common share (a "**Share**") and one transferable share purchase warrant (a "**Warrant**") to purchase an additional Share at a price of $0.12 for a period of 24 months, subject to acceleration by the Company upon 30 days notice if closing price of the Company's shares on the TSX-V equals or exceeds $0.25 for 20 consecutive trading days at any time after 4 months from closing. A finder's fees of 8% cash and 8% finder's warrants was payable in connection with the Financing, each finder's warrant entitling the holder to purchase one Share of the Company at a price of $0.12 for a period of 24 months after closing, subject to acceleration on the same terms as the Warrants.

On October 31, 2012, the Company completed a non-brokered private placement of 531 units (“**Units**”) at a price of $1,000 per Unit for gross proceeds of $531,000. Promissory notes in the aggregate principal amount of $531,000 (the “**Notes**”) and a total of 890,060 common shares of the Company at a deemed price of $0.105 per share were issued as a bonus in connection with the private placement. The Notes are for a term of one year maturing October 31, 2013 and bear interest at the rate of 12% per annum, with the first year's full interest of $120 per Note payable up front upon closing. The Notes are also secured, on a pro rata basis, by a general security agreement over all present and after-acquired personal property of the Company. A cash finder's fee of $6,000 (10%) was paid on a portion of the gross proceeds raised under the private placement. Subsequent to the quarter ended August 31, 2013, the Company settled $361,000 of the outstanding promissory notes by issuing an aggregate of 2,776,923 common shares at a deemed price of $0.13 per share.

Operations

An independently calculated Inferred Mineral Resource of 2,716,176 t grading 3.97 g/t gold containing 340,345 ounces gold has been calculated by NEW ERA Engineering Corporation dated November 9, 2012. This resource is all within 150 meters (m) of surface. This NI 43-101 resource has been filed with the TSX-V and on SEDAR. The Inferred Mineral Resource was calculated using a 1.5 g/t gold cut-off and a minimum 2.0 m mining width for the underground portion of the resource. Ninety-three drill holes and 154 trenches were used for the resource estimate. The resource is estimated for parts of the Mico, Little Betsy, Lone Star, Dispute, Dos Amigos, Topacio and Brazil Veins. Approximately 75% of the surface expression of these veins and 18 other auriferous veins on the Topacio Concession has received insufficient work to quantify further resources. At this time there are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral resource.

Reconnaissance mapping and sampling of the Topacio veins has extended the known strike of the Topacio vein to 3.4 kilometres (km). An historic drift and mill site, probably from the 1900 to 1917 period of production on the property, was discovered at the northeastern known extent of the Topacio vein. This site is two km east northeast from the Inferred Mineral Resources previously reported on the property. Approximately two km southeast of the known resources in the Topacio vein, in the Rebecca area, nine previously unknown auriferous quartz veins have been discovered. This brings the total of known veins on the concession to 24. Values up to 22 g/t gold across three m have been returned from chip sampling of the newly discovered veins in the Rebecca area. These veins strike northwest, roughly at right angles to the trend of the Topacio vein swarm. A new area of the northwest striking veins has recently been discovered further to the north of the original vein set discovery. An additional 14 new veins have been discovered. The northwest vein set is now indicted to overlap the traditionally known northeast trending vein set. The junction of these northwest trending veins and the east-northeast trending Topacio vein contain some quartz breccia bodies.

The Company began a trenching program in late October 2012 and results were reported on May 31, 2013. The eight trenches reported in the table below have outlined a 700 m long zone of gold mineralization that averages 29 m wide (approximately true width). Seventeen trenches were completed on the Mico Vein, which is one of twenty-five known gold/silver rich low sulphidation epithermal veins on the Property.

Trench	**Length m**	**Au g/t**
FT 221	57.0	4.00
Including	11.0	6.86
FT 222	50.7	4.65
Including	8.0	21.2
FT 223	8.6	1.54
FT 224	32.0	0.98
FT 225	39.7	2.42
Including	4.0	9.80
FT 233	32.1	3.07
FT 234	12.5	4.94
FT 236	2.5	5.62

Trenching targeted primarily the Mico Vein but trenches were also completed on Lone Star, Majestad and the Topacio East Extension Veins. The Mico, Dos Amigos and Lone Star veins were the focus of historic mining and approximately 60,000 ounces of Au (estimated and not verified) were mined from portions of these veins from underground workings as well as from open pits. A total of 1337 m of trenching, varying from 45 m up to 98 m in length, were completed and a total of 1488 samples were collected. A standard QA/QC program including duplicate samples, insertion of blanks and sample standards was employed. Samples were prepared by Inspectorate Labs in Managua, Nicaragua and analyzed for Au and silver by fire assay/AA by Acme Labs in Vancouver, British Columbia, Canada.

Trench spacing on the east-northeast trending Mico vein was at approximately 50 m to 100 m intervals along the with two trenches on the east portion of the Lone Star and May Flower vein near their intersection. A complete summary of results are provided in the news release for the twenty-three trenches.

On April 4, 2013, the Company engaged JDS Energy and Mining Inc. (JDS) Vancouver, Canada (www.jdsmining.ca) to complete an evaluation, development and execution plan for the Company's 100% owned Topacio Concession. In light of, among other things, existing market conditions and the size of the current NI 43-101 compliant Inferred Mineral Resource on the Topacio Concession the Company has re-evaluated the economics of its proposed acquisition of the Topacio Concession and determined to cease further exploration and development activities.

A small reconnaissance program was completed on the El Santo Property and in total 31 samples were collected for analysis.

Selected Annual Information

The following is a summary of selected financial information for the Company for the periods indicated and has been prepared in accordance with International Financial Reporting Standards, unless otherwise stated. This summary should be read in conjunction with the audited financial statements of the Company for the fiscal year ended August 31, 2012, 2011 and 2010.

	Year ended August 31, 2013	**Year ended August 31, 2012**	**Year ended August 31, 2011**
Revenues	N/A	N/A	N/A
Net Loss	(2,784,427)	(3,534,829)	(2,214,831)
Basic and Diluted Loss per share	(0.05)	(0.08)	(0.07)
Working Capital (Deficiency)	1,078,729	(222,448)	2,647,676
Total Assets	1,576,768	214,799	2,905,302
Total Long-Term Financial Liabilities	N/A	N/A	N/A
Retained Earnings (Deficit)	(11,262,412)	(8,477,985)	(4,943,156)
Number of shares outstanding at period end	79,452,188	44,283,675	43,996,971

Results of Operations

The Company has not generated any revenue since its inception from its planned operations and has, to date, incurred annual net losses resulting primarily from the write-down of deferred exploration and acquisition costs associated with its interest in the Exminicsa Properties and general and administrative expenses.

Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the eight most recently completed fiscal quarters for which Company prepared quarterly financial statements and should be read in conjunction with the Company's unaudited interim financial statements and related notes for such periods. The Company was not a reporting Company during any of these quarters.

The following information has been prepared in accordance with IFRS and is expressed in Canadian dollars.

	November 30, 2013	*August 31, 2013*	*May 31, 2013*	*Feb. 28, 2013*	*Nov. 30, 2012*	*Aug. 31, 2012*	*May 31, 2012*	*Feb. 29, 2012*
Revenues	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*	*Nil*
Loss Before other items	*585,659*	*(1,090,843)*	*(609,067)*	*(267,137)*	*(817,380)*	*(538,383)*	*(1,304,994)*	*(763,857)*
Loss per share before other items – basic and diluted (1)	*(0.01)*	*(0.01)*	*(0.01)*	*(0.01)*	*(0.02)*	*(0.01)*	*(0.03)*	*(0.02)*
Shares Outstanding	*98,452,188*	*79,452,188*	*76,143,735*	*45,593,735*	*45,593,735*	*44,283,675*	*44,283,675*	*44,034,778*

Results of Operations

The Company has not generated any revenue since its inception from its planned operations and has, to date, incurred net losses resulting primarily from the write-down of deferred exploration and acquisition costs associated with its interest in the Exminicsa Properties and general and administrative expenses.

Period ended November 30, 2013

The Company incurred a net loss of $585,659 for the period ended November 30, 2013, compared to a net loss of $822,380 for the period ended November 30, 2012. Net loss remained declined between the periods as the Company reduced operations in the exploration of its Topacio property between the two periods.

Professional fees for the period ended November 30, 2013 were $13,823, compared to $60,888 for the same period in 2012.

During the period ended November 30, 2013, management and consulting expenses increased by $28,431 to $119,602, compared to $91,171 in the same period in 2012. The increase is partially due to the Company's efforts to raise funds.

During the year period ended November 30, 2013, travel and promotion expenses increased by $27,999 to $57,039, compared to $29,040 during the same period in 2012 due to increased travel within the period in connection with the private placement in March and finalizing the plan of development on the Topacio project.

During the period ended November 30, 2013, exploration and evaluation expenses decreased by $150,569 to $109,140, compared to $259,709 during the same period in 2012. The decrease is due to the Company's focus on negotiations on the properites resulting in a decrease in exploration in order to preserve cash. Following the closing of the private placement in October 2013, the Company is now in a better position to carry out additional exploration work.

Share based payments expense for the period ended November 30, 2013 was $107,604, compared to $42,000 in the same period during 2012. The expense is due to options issued to officers and directors of the Company and vesting of options issued during 2012 compared to 2013. The Company uses the Black-Scholes valuation model.

During the period ended November 30, 2012, the Company incurred a one-time cost in association with the issuance of promissory notes of $125,083, by the issuance of bonus shares totaling 890,060 common shares valued at $115,708 and interest. During the period ended November 30, 2013 the Company incurred the remainder of the accrued interest on the promissory notes in the amount of $10,120.

During the period ended November 30, 2013, office and general expenses increased by $40,851 to $138,335, compared to $97,484 during fiscal 2012. The increase in office and general expenses is mainly due to efforts to reduce the activity in Nicaragua during the current period.

During the period ended November 30, 2013, shareholder information decreased by $6,743 to $6,979, compared to $13,722 in the same period during fiscal 2012. The decrease is due to higher costs incurred in the prior period as the Company made efforts increase its awareness in the marketplace.

Dividend Report and Policy

The Company has not paid any dividends to date. The Company intends to retain its future earnings, if any, for use in its business and does not expect to pay dividends on its shares in the foreseeable future.

Liquidity

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of common shares and special warrants and short-term interest bearing loans from related and other parties to carry on its business.

As at November 30, 2013, the Company had working capital of $1,441,238, compared to a working capital deficiency of $1,078,729 as at the year ended August 31, 2013.

As at August 31, 2013, the Company had total assets of $1,736,142 (August 31, 2013 - $1,576,768) including cash and cash equivalents of $1,646,523 (August 31, 2012 - $1,467,081). The increase in cash was the result of $886,797 raised through the issuance of common shares on the private placement completed October 30, 2013 in the amount of $950,000 in gross proceeds.

The total liabilities of the Company as of November 30, 2013 were $256,373 (August 31, 2013 - $455,544) and consisted of accounts payable and accrued liabilities of $206,733 (August 31, 2013 - $285,544), promissory notes payable of $50,000 (August 31, 2013 - $170,000), and an amount due to related parties of $Nil (August 31, 2013 - $Nil).

Requirement of Additional Equity Financing

The Company has relied entirely on equity financings and short-term interest bearing loans for all funds raised to date for its operations. If the Company is successful in negotiating a new agreement for the purchase of the Topacio Concession or other properties, the Company will need more funds to secure such acquisition(s) and to fund the exploration and development thereof. Until the Company starts generating profitable operations from exploration, development and sale of minerals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms or at all.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

Related party transactions are as follows:

The Company incurred the following expenditures charged by companies controlled by current and former directors and officers of the Company:

	August 31, 2013	August 31, 2012
Management fees	$ -	$ 39,400
Consulting fees	73,912	77,800
Rent	5,208	-
	$ 79,120	$ 117,200

During the period ended November 30, 2013, aggregate remuneration of $79,120 (November 30, 2013 – $117,200) was paid or accrued to key management personnel. Share-based payments of $71,740 (November 30, 2012 – $42,000) were granted to key management personnel.

As at November 30, 2013, $Nil (August 31, 2013 - $Nil) is payable to the Vice-President of Exploration and a former director of the Company, a company with a former common officer and a company with a former common director and the current VP of corporate development, former chief financial officer and former chief executive officer. These amounts are unsecured, non-interest bearing and are due on demand.

As part of the promissory note private placement closed on October 31, 2012, the Company's former CFO, the VP of Corporate Development, and a director loaned the Company $20,000, $25,000 and $50,000 respectively. As at August 31, 2013, the Company repaid the directors $75,000 in 576,923 shares at a deemed price of $0.13 per share and $20,000 remains as promissory note payable at year-end.

All transactions with related parties were in the normal course of operations and are recorded at the exchange amount as agreed to by the parties involved.

CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended November 30, 2013.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and deficit, which as at November 30, 2013 totaled $1,479,768 (August 31, 2013 - $1,121,224). There are no external restrictions on the Company's capital.

The Company's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of precious metals deposits.

The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

Financial Instruments and Risk Management
The Company is exposed to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the accompanying financial statements.

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receive periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: foreign currency risk, and interest rate risk.

Foreign Currency Risk
The Company's functional currency is the Canadian dollar. The Company operates in Canada and Nicaragua, giving rise to market risks from changes in foreign exchange rates. The Company believes that the results of the operations and cash flows would be affected by a sudden change in foreign exchange rates, but would not impair or enhance its ability to pay its Nicaraguan Cordoba Oro denominated obligations. A 1% increase/decrease in the Canadian/Nicaraguan Cordoba Oro exchange rate would results in a $Nil increase/decrease to the net loss for the period (November 30, 2012: $Nil increase/decrease)

Interest Rate Risk
The Company has cash balances and no variable interest bearing debt. The Company has fixed rates on its debt, changes in interest rates could result in fair value risk on the Company's fixed rate debt.

b) Credit Risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and other receivables. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents are held with reputable Canadian and Nicaraguan chartered banks which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents other receivables is minimal.

c) Liquidity Risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the

Company. The Company generates cash flow primarily from its financing activities. As at November 30, 2013, the Company had a current assets of $1,736,142 (August 31, 2013 - $1,534,273) to settle current liabilities of $256,373 (August 31, 2013 - $455,544) resulting in working capital of $1,479,769 (August 31, 2013 - $1,078,729). All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Determination of Fair value
Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The Statement of Financial Position carrying amounts for cash and cash equivalents, due from related parties, advances and other receivables, deposits, accounts payables and accrued liabilities, and due to related parties approximates fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 Inputs for the asset or liability that are not based on observable market data
(unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment’s assigned level.
During the period ended November 30, 2013, there were no significant transfers between level 1 and 2.

Political / Social Risk

Throughout the term of the IMISA Agreement for the acquisition of the Topacio Concession, illegal small miners were active within the Topacio Concession mining by hand gold-bearing rock material from various veins within the concession and extracting the gold by use of small diesel-powered rotating mills known as “rastras” to grind the ore, then using liquid mercury metal to capture the gold by the amalgamation process. This process contaminates the streams and soil with mercury, a known toxic metal.

Disclosure of Outstanding Security Data

The authorized capital of the Company consists of an unlimited number of common shares without par value, of which there were 98,452,188 common shares issued and outstanding as of January 29, 2013.

The following table summarizes the current outstanding incentive stock options and share purchase warrants to acquire or purchase common shares of the Company:

Stock Options	Number	Exercise Price	Expiry Date
	350,000	$0.10	November 6, 2017
	350,000	$0.10	July 19, 2017
	3,400,000	$0.13	April 3, 2018
Total Stock Options	**4,100,000**		

Share Purchase Warrants	Number	Exercise Price	Expiry Date
	32,670,420	$0.12	March 21, 2015
Total Warrants	**32,670,420**		

There are no assurances that the options, warrants or other rights described above will be exercised or issued in whole or in part.

Except as disclosed above, there are no options, warrants or other rights to acquire common shares of the Company outstanding.

Mineral Properties Expenditures

The following is a breakdown of the exploration and evaluation expenditures for the periods ended November 30, 2013 and 2012 and cumulative to date on the Company's properties:

	Years ended		
	November 30, 2013	November 30, 2012	Cumulative to date
Topacio Property			
Acquisition expenditures	**$ -**	$ -	$ 517,582
Exploration expenditures	**109,140**	262,318	3,152,281
Exploration and evaluation expenditures	**$ 109,140**	$ 262,318	$ 3,669,863

Andrew Neale stepped down as CEO of the Company effective December 13, 2013 and Mr. Antonio Ponte, Executive Chairman of the Company, has been appointed as Chief Executive Officer, effective December 13, 2013.

Subsequent Events

Nil

Standards, amendments and interpretations not yet effective

The IASB issued a number of new and revised International Accounting Standards, International Financial Reporting Standards, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2011. For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and FVTPL. IFRS 9 also replaces the models for measuring equity instruments, and such investments are either recognized at FVTPL or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for annual accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10 Consolidated Financial Statements

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for the annual accounting period beginning on or after January 1, 2013. The implementation of this standard will not have a material impact on the Company's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company intends to adopt the standard no later than the annual accounting period beginning on or after July 1, 2013. The adoption of this Standard will not have a significant impact on the Company's financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is effective for the annual accounting period beginning on or after January 1, 2013. The implementation of this standard will not have a material impact on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements

IAS 1 requires an entity to group items presented in the statement of other comprehensive income on the basis of whether they may be reclassified to profit or loss subsequent to initial recognition. For those items presented before tax, the amendment to IAS 1 also requires that the tax related to the two separate groups be presented separately. The implementation of this standard will not have a material impact on the Company's consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

The Company has not early adopted these standards, amendments and interpretations, however the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company. As at November 30, 2013 the Company does not anticipate any impact from the adoption of the above standards, amendments and interpretations.

Risks and Uncertainties

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and while following completion of the IPO the Company anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The degree of risk increases substantially where property interests are in the exploration, as opposed to, the development stage and are located in a foreign jurisdiction. All of the Company's property interests are located in Nicaragua and are in the exploration or pre-exploration stage and without a known body of commercial ore. In addition, the Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. The Company may also become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be assessed on the SEDAR website at **www.sedar.com**.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.