TANGO MINING LIMITED (formerly Tango Gold Mining Incorporated)

Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

For the three months ended

November 30, 2014 and 2013

(Unaudited)

NOTICE TO READER

Responsibility for Financial Statements:
The accompanying unaudited condensed consolidated interim financial statements of Tango Mining Limited for the three months ended November 30, 2014 and 2013 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see note 2 to the unaudited condensed consolidated interim financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the unaudited financial statements, management is satisfied that these unaudited condensed consolidated interim financial statements have been fairly presented.

Auditors Involvement:
The external auditors of Tango Mining Limited have not audited or performed a review of the unaudited condensed consolidated interim financial statements for the three months periods ended November 30, 2014 and 2013.

TANGO MINING LIMITED

MANAGEMENT'S RESPONSIBILITY FOR QUARTERLY FINANCIAL REPORTING

The accompanying unaudited condensed consolidated interim financial statements of Tango Mining Limited, are the responsibility of the management and Board of Directors of the Company.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Marco Möller"
Chief Executive Officer

TANGO MINING LIMITED (formerly Tango Gold Mines Incorporated)
Condensed Consolidated Interim Statement of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at,		November 30, 2014		August 31, 2014
ASSETS				
Current Assets				
Cash and cash equivalents	$	1,135,168	$	924,602
Other receivables (*Note 19*)		1,163,283		61,878
Prepaid expenses (*Note 14*)		10,919		1,223
		2,309,370		987,703
Non-current assets				
Property, plant and equipment (*Note 10*)		846,698		20,759
TOTAL ASSETS	$	3,156,068	$	1,008,462
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	$	1,863,016	$	200,084
Promissory notes payable (*Note 11*)		25,000		25,000
Due to related parties (*Note 16*)		2,625		23,448
		1,890,641		248,532
Shareholders' Equity				
Share capital (*Note 11*)		10,872,794		10,986,212
Reserve for warrants		297,590		297,590
Reserve for share based payments		1,983,817		1,927,947
Reserve for foreign exchange losses		45,298		44,334
Capital reserve		419,704		-
Non-controlling interests		460,425		-
Accumulated deficit		(12,814,201)		(12,496,153)
		1,265,427		759,930
TOTAL LIABILITIES AND EQUITY	$	3,156,068	$	1,008,462

Approved by the Board

Signed: Signed:

"*Marco Möller*" "*Kalyan Paul*"

Chief Executive Officer Chief Financial Officer

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

TANGO MINING LIMITED (formerly Tango Gold Mines Incorporated)
Condensed Consolidated Interim Statements of Income and Comprehensive Income (unaudited)
(Expressed in Canadian Dollars)

	Three months ended November 30, 2014	2013
Revenues	$ 3,378,366	$ -
Cost of Sales	(1,035,742)	-
Gross profit	2,342,624	-
Other operating expenses		
Professional fees	(19,054)	(13,823)
Amortization	(56,008)	(3,964)
Management and consulting (*Note 16*)	(224,973)	(119,602)
Employee benefits expense	(1,903,567)	-
Travel and promotion	(9,802)	(57,039)
Exploration and evaluation expenses *(Note 17)*	(14,721)	(109,140)
Share based payments (*Note 12*)	(55,870)	(107,604)
Finance charge	9,983	(10,120)
Office and general	(36,921)	(138,335)
Shareholder information	(30,550)	(6,979)
Foreign exchange loss	(3,874)	(19,053)
Other operating expenses	(258,151)	-
Net loss for the period	(260,884)	(585,659)
Total income /(loss) attributable to:		
Shareholders of the company	(318,048)	(585,659)
Non-controlling interests	57,164	-
	(260,884)	(585,659)
Other comprehensive loss		
Exchange differences on translating foreign operations	964	(34,053)
Total comprehensive income for the period	(259,920)	(619,712)
Total comprehensive income /(loss) attributable to:		
Shareholders of the company	(317,084)	(619,712)
Non-controlling interests	57,164	-
	(259,920)	(619,712)
Basic and fully diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of shares outstanding	148,181,347	59,121,196

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

TANGO MINING LIMITED (formerly Tango Gold Mines Incorporated)

Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

	Share Capital		Reserves							
	Number of shares	Amount	Share based payments	Warrants	Foreign Exchange	Capital Reserve	Subscriptions	Non-controlling Interests	Deficit	Total
Balance, August 31, 2013	**79,452,188**	**$ 10,053,667**	**$ 1,705,750**	**$ 297,590**	**$ 42,070**	**$ -**	**$ 130,000**	**$ -**	**$ (11,139,992)**	**$ 1,089,085**
Share based payments	-	-	173,353	-	-	-	-	-	-	173,353
Shares issued, net of cost (*Note 11*)	19,000,000	932,545	-	-	-	-	-	-	-	932,545
Share subscriptions	-	-	-	-	-	-	(130,000)	-	-	(130,000)
Currency translation adjustment	-	-	-	-	34,053	-	-	-	-	34,053
Net loss for the period	-	-	-	-	-	-	-	-	(585,659)	(585,659)
Balance, Novemver 30, 2013	**98,452,188**	**$ 10,986,212**	**$ 1,879,103**	**$ 297,590**	**$ 76,123**	**$ -**	**$ -**	**$ -**	**$ (11,725,651)**	**$ 1,513,377**
Share based payments	-	-	48,844	-	-	-	-	-	-	48,844
Currency translation adjustment	-	-	-	-	(31,789)	-	-	-	-	(31,789)
Net loss for the period	-	-	-	-	-	-	-	-	(770,502)	(770,502)
Balance, August 31, 2014	**98,452,188**	**$ 10,986,212**	**$ 1,927,947**	**$ 297,590**	**$ 44,334**	**$ -**	**$ -**	**$ -**	**$ (12,496,153)**	**$ 759,930**
Issued on acquisition of African Star Companies (*Note 11*)	49,000,000	(113,418)	-	-	-	-	-	-	-	(113,418)
Issued to Finders on acquisition of African Star companies (*Note 11*)	1,474,522	-	-	-	-	-	-	-	-	-
Capital reserve	-	-	-	-	-	419,704	-	-	-	419,704
Share based payments	-	-	55,870	-	-	-	-	-	-	55,870
Currency translation adjustment	-	-	-	-	964	-	-	-	-	964
Non-controlling interests	-	-	-	-	-	-	-	460,425	-	460,425
Net loss for the year	-	-	-	-	-	-	-	-	(318,048)	(318,048)
Balance, November 30, 2014	**148,926,710**	**$ 10,872,794**	**$ 1,983,817**	**$ 297,590**	**$ 45,298**	**$ 419,704**	**$ -**	**$ 460,425**	**$ (12,814,201)**	**$ 1,265,427**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

TANGO MINING LIMITED (formerly Tango Gold Mines Incorporated)
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

Three months period ended November 30,	2014	2013
Operating Activities		
Net loss for the period	$ (260,884)	$ (585,659)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments (*Note 12*)	55,870	107,604
Amortization	56,008	3,964
Unrealized foreign exchange gain (loss)	964	-
Finder’s fees paid on acquisition of African Star Companies (*Note 11*)	(113,418)	-
Net change in non-cash working capital items:		
Other receivables	(1,101,405)	(4,912)
Prepaid expenses	(9,696)	21,016
Net of cash and cash equivalents on acquisition (*Note 20*)	(58,982)	-
Accounts payable and accrued liabilities	1,662,932	20,632
Due to related parties	(20,823)	-
Cash flow used in operating activities	210,566	(437,355)
Financing Activities		
Shares issued through private placement	-	950,000
Share issuance cost on private placement	-	(83,203)
Share subscription received	-	(130,000)
Promissory note repaid	-	(120,000)
Cash flow provided from financing activities	-	616,797
Net increase in cash and cash equivalents	210,566	179,442
Cash and cash equivalents, beginning of the period	924,602	1,467,081
Cash and cash equivalents, end of the period	$ 1,135,168	$ 1,646,523

Non-cash transactions (*Note 20*)

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

1. CORPORATE INFORMATION

Tango Mining Limited ("the Company" formerly known as Tango Gold Mines Incorporated) was incorporated under the British Columbia Business Corporations Act on April 10, 2007. The Company is engaged principally in the acquisition, exploration and development of mineral properties and has a number of operation service contracts in South Africa. On April 13, 2007, the Company acquired all of the issued and outstanding common shares of F.D.G. Mining Inc. ("FDG Nevada") a company incorporated under the laws of the State of Nevada on April 20, 2006 from a director of the Company. As a result of this transaction, the entity is considered to be a continuation of FDG Nevada. The Company is listed on the TSX Venture Exchange, having the symbol TGV, and is in the process of exploring its mineral properties.

The address of the Company's corporate office is 5626 Larch Street, Suite 202, Vancouver, British Columbia, V6M 4E1, Canada.

2. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future. Realization values may be substantially different from carrying values as shown and these unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As at November 30, 2014 the Company has not yet determined whether its certain mineral properties contain reserves that are economically recoverable. The recoverability of amounts spent on mineral property acquisition and exploration is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral property in accordance with industry practice, the ability of the Company to obtain necessary financing to complete development of its mineral property and upon future profitable production.

At November 30, 2014, the Company has accumulated losses of $12,814,201 since inception. The Company is generating profits from its thermal coal, metallurgical and mining projects in South Africa, but however expects to incur further losses in the development of its business for gold and diamonds. The Company may require additional financing in order to conduct its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly these unaudited condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these unaudited condensed consolidated interim financial statements.

3. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

3.1 Statement of compliance

These unaudited condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on January 29, 2015.

3.2 Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared on the basis of same accounting policies, methods of computation and presentation followed in its preparation with those applied in the Company's August 31, 2014 annual financial statements.

3.3 Principles of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned (100%) subsidiaries, F.D.G Mining S.A., Incasur S.A., Corlasur S.A., Tango Gold S.A. and partially-owned 51% interest in South African subsidiaries, African Star Minerals (Pty) Limited ("AS"), Kwena Mining Projects CC. ("KMP"), Kwena Mining and Metallurgical Services CC. ("KMMS") and Kwena Springlake Projects (Pty) Ltd. ("Springlake") (together referred to as the African Star Minerals Group ("ASM").

The results of each subsidiary will continue to be included in the unaudited condensed consolidated interim financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Intercompany balances and transactions, including unrealized gains and losses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Foreign Currency Transactions

The functional currency of Tango Mining Limited, the parent, is the Canadian Dollar; the Nicaragua subsidiaries are Nicaraguan Cordoba Oro ("NIO") and the South African subsidiaries are South African Rand ("ZAR") (collectively "the Functional Currency"). The Presentation currency of the unaudited condensed consolidated interim financial statements is the Canadian Dollar. Foreign currency accounts are translated into the Presentation Currency as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into the Functional Currency by the use of the exchange rate in effect at that date. At the period end date, unsettled monetary assets and liabilities are translated into the Functional Currency by using the exchange rate in effect at the period end and the related translation differences are recognized in the Company's profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Standards and amendments effective in the current year

The IASB issued new standards and amendments effective for, and adopted in the current year. The adoption of the following accounting policies had no impact on the Company's financial statements:

IFRS 13 *Fair Value Measurement* 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. The application of this IFRS did not have a material impact on the amounts reported for the current or prior years but may affect the accounting for future transactions or arrangements.

4.3 Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 Financial Instruments, Recognition and Measurement

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is assessing the impact of IFRS 9 on its results of operations.

IFRS 2, Share-based Payment

In December 2013, the IASB amended IFRS 2 – Share-based Payment. The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective for share based payment transactions for which the grant date is on or after July 1, 2014. The Corporation is in the process of determining the impact of the amendment of IFRS 2 on its condensed consolidated interim financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 32, Financial instruments, Presentation.

IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date. The amendments apply to annual periods beginning on or after January 1, 2014. The change in accounting standard will not have a significant impact on the Company's condensed consolidated interim financial statements.

IAS 24, Related Party Disclosures.

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

IFRIC 21, Levies.

The IASB issued IFRIC 21 – Levies ("IFRIC 21"), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("Obligating Event"). IFRIC 21 clarifies that the Obligating Event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The Company is currently evaluating the impact the final standard is expected to have on its condensed consolidated interim financial statements.

None of the other new standards, interpretations and amendments, which have not been adopted early, are expected to have a material effect on the company's future condensed consolidated interim financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

There are no initial estimates, which significantly impact these financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

Judgments:

5.1. Title to mineral property interests

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do no guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

5.2. Functional Currency

The functional currency for the Company and the Company's active subsidiaries are the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency of the parent is the CAD and the functional currencies of the subsidiaries are the Nicaraguan Cordoba (NIO) and South African Rand (ZAR). Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

6. ACQUISITION OF AFRICAN STAR MINERALS GROUP

On September 30, 2014, the Company acquired a 51% interest in four private South African companies, African Star Minerals (Pty) Limited ("AS"), Kwena Mining Projects CC. ("KMP"), Kwena Mining and Metallurgical Services CC. ("KMMS") and Kwena Springlake Projects (Pty) Ltd. ("Springlake") (together referred to as the African Star Minerals Group ("ASM") which:

- holds a 100% interest in the Oena Diamond Project ("Oena"), a past producing alluvial diamond property covering 8,800 hectares located in the Northern Cape Province, South Africa;
- and has four thermal coal, metallurgical and processing plant and engineering contracts ("Operations Service Contracts") that process 6.5 million tonnes per annum (19.5 million tonnes are contracted over next 3 years), with clientele that include Total (SA) and Glencor. The four projects are located within the Ogies and Highveld coalfields, Mpumalanga Province and Kliprivier coalfield, KwaZulu-Natal Province.

In consideration for the interest in ASM, Tango Mining has issued 49,000,000 common shares ("Payment Shares"), that are subject to a four month regulatory hold period expiring on February 17, 2015 and escrow restrictions over a 30 month period. Contemporaneously, 17,150,000 of the Payment Shares will be held in escrow pending receipt of applicable approvals required under South African legislation.

In accordance with IFRS 3, Business Combinations, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that are capable of being conducted and managed to provide a return for investors.

(Expressed in Canadian Dollars)

6. ACQUISITION OF AFRICAN STAR MINERALS GROUP (continued)

The purchase price allocation is as follows:

Cash	$	637,338
Accounts receivable		1,003,993
Equipment (net)		305,189
Mineral properties		877,584
Accounts payable and accrued liabilities		(374,104)
	$	2,450,000

Value of common shares issued on acquisition	$	1,960,000
Capital reserve		490,000
	$	2,450,000

7. 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 three months period ended November 30, 2014.

The Company considers its capital to be shareholders' equity, which is comprised of capital stock, reserves, and deficit, which as at November 30, 2014 totaled $1,265,427 (August 31, 2014 - $759,930). 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.

7. CAPITAL RISK MANAGEMENT (continued)

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.

8. FINANCIAL INSTRUMENTS

Fair Value

Cash and cash equivalents and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables, promissory notes payable, and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. Fair value of other receivables (excluding tax recoverable) and trade and other payables, promissory notes payable, and due to related parties are determined from transaction values, which were derived from observable market inputs. As at November 30, 2014, all financial instruments measured at fair value are considered level 1.

The carrying amount of cash and cash equivalents, other receivables, trade and other payables and promissory notes payables and due to related parties approximate fair value due to the relatively short term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price if one exists.

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 and other receivables (excluding tax recoverable) is minimal.

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, 2014, the Company had current assets of $2,309,370 (August 31, 2014 - $987,703) to settle current liabilities of $1,890,641 (August 31, 2014 - $248,532) resulting in working capital of $418,729 (August 31, 2014 – working capital $739,171). All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

8. FINANCIAL INSTRUMENTS (continued)

Market Risks

a) 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) Foreign Currency Risk
The Company's functional currency is the Canadian dollar. The Company operates in Canada, Nicaragua and South Africa, 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 or South African Rand denominated obligations. Most of the company's capital and operating expenditure is based on its South African operations, which is funded from the same functional currency as its coal and metallurgical services contracts.

9. MINERAL PROPERTIES & OPERATIONS SERVICE CONTRACTS

South Africa:

During the three months ended November 30, 2014, the Company acquired a 51% interest in four private South African companies, African Star Minerals (Pty) Limited ("AS"), Kwena Mining Projects CC. ("KMP"), Kwena Mining and Metallurgical Services CC. ("KMMS") and Kwena Springlake Projects (Pty) Ltd. ("Springlake") (together referred to as the African Star Minerals Group ("ASM") which have:

a. four thermal coal, metallurgical coal and processing plant and engineering contracts ("Operations Service Contracts")
b. 100% interest in the Oena Diamond Project ("Oena").

Coal – Metallurgical and Mining Projects

Tango has four thermal coal, metallurgical and processing plant and engineering Operations Service Contracts that process 6.5 million tonnes per annum (19.5 million tonnes are contracted over next 3 years), with clientele that include Total (SA) and Glencor. The four projects are located within the Ogies and Highveld coalfields, Mpumalanga Province and Kliprivier coalfield, KwaZulu-Natal Province.

There is a continued business development plans in place to grow the business using the successful past 18 year business model, an established market presence and its proven successful operational reputation in the coal, base and precious metal and precious stone Southern African mining sector.

Oena

Oena, a past producing alluvial diamond property covering 8,800 hectares (ha) located in the Northern Cape Province, South Africa consists of a 4.8 kilometre (km) wide strip along a 15 km length of the Orange River in a well-established alluvial diamond-mining province that produces high quality and large sized diamonds. Located 50 km upstream of Namdeb's Auchas and Daberas alluvial diamond mines which are on the Namibian or north bank of the Orange River, while Trans Hex's Reuning and Baken alluvial diamond mines are respectively 15 km and 60 km downstream of Oena on the South African or southern bank of the Orange River.

(Expressed in Canadian Dollars)

9. MINERAL PROPERTIES & OPERATIONS SERVICE CONTRACTS (continued)

Subsequent to three months ended November 301, 2014, the Company announced on December 1, 2014, in conjunction with filing of a National Instrument (NI) 43-101 report (filed on SEDAR on December 1, 2014) that a bulk-sampling program at Oena would commence in Q2 2015 (December 2014 to February 2015). An infrastructure and operational readiness program of $618,000 was completed prior to Tango Mining's acquisition in October 2014.

There is a planned capital expenditure of CAD $292,000 in Q1 and Q2 2015 on plant equipment, operational readiness and infrastructure development costs and implementation of a program that will maximize mining throughput and enhance the recovery potential of diamonds with the use of a Bourevestnik, Inc. manufactured high volume X-ray and recovery equipment ("BVX") that is reported to be very efficient, recovering better than 90% of diamonds. The Company has entered into a mining contract to sustain a 1,500,000 tonnes per annum extraction program and has secured BVX equipment that will be mobilized to site in the period noted.

Nicaragua:

El Santo

During the three months ended August 31, 2014, the Company acquired an environmental permit to carry out exploration work on the El Santo mining concession located in central Nicaragua.

10. PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment & Software	Furnishings	Vehicles	Construction in process	Equipment	Total
Cost						
As at August 31, 2013	**4,299**	**35,567**	**22,979**	**4,056**	**-**	**66,901**
Additions	-	-	-	-	881,948	881,948
Disposals	-	-	-	(4,056)	-	(4,056)
Effect of foreign exchange	-	-	-	-	-	-
As at August 31, 2014	**4,299**	**35,567**	**22,979**	**-**	**881,948**	**944,793**
As at November 30, 2014	**4,299**	**35,567**	**22,979**	**-**	**881,948**	**944,793**

(Expressed in Canadian Dollars)

Accumulated Amortization

As at August 31, 2013	**4,299**	**13,166**	**6,941**	**-**	**-**	**24,406**
Additions	-	13,940	3,740	-	-	17,680
Removed on disposal	-	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	-	-
As at August 31, 2014	**4,299**	**27,106**	**10,681**	**-**		**42,086**
Additions	-	2,500	375	-	53,134	56,009
As at November 30, 2014	**4,299**	**29,606**	**11,056**	**-**	**53,134**	**98,095**

Net Book Value

As at August 31, 2013	**-**	**22,401**	**16,038**	**4,056**	**-**	**42,495**
As at August 31, 2014	**-**	**8,461**	**12,298**	**-**	**881,948**	**902,707**
As at November 30, 2014	**-**	**5,961**	**11,923**	**-**	**828,814**	**846,698**

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

	Number of Shares		Stated Value
COMMON SHARES			
Balance, August 31, 2013	**79,452,188**	**$**	**10,053,667**
Shares issued for property	19,000,000		950,000
Shares issued for bonus shares for promissory note private placement	-		(17,455)
Balance, August 31, 2014	**98,452,188**		**10,986,212**
Issued on acquisition of African Star Minerals Group	49,000,000		(113,418)
Issued to finders on acquisition of African Star Minerals Group	1,474,522		-
Balance, November 30, 2014	**148,926,710**	**$**	**10,872,794**

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. A balance of $25,000 in promissory notes remain owing at November 30, 2014.

On March 22, 2013, the Company completed a non-brokered private placement whereby 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. 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 the closing price of the Company's shares on the TSX Venture Exchange 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. The fair value of the finders warrants was calculated as $183,819, using a black-scholes option pricing model using the assumptions in note 12.

On August 8, 2013 the Company issued shares for certain creditors in the face amount of $417,099 for 3,208,453 common shares which were valued at $0.10, the share price of the Company's stock on the date of issuance. The Company recorded a gain on debt settlement of $68,181 in connection with the issuance of the shares. As at August 31, 2013, the Company received $130,000 in subscriptions and is included in shares to be issued. The shares were issued in the year ended August 31, 2014. 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 $17,455 have been recorded as owing in connection with the private placement.

On September 30, 2014 the Company issued 49,000,000 common shares at fair value to certain shareholders of African Star Companies in connection with the acquisition of 51% interests in African Star Companies. A finder's fees of $113,418 (USD$100,000) was paid in connection with the acquisition.

(Expressed in Canadian Dollars)

On October 16, 2014 the Company also issued 1,474,522 common shares (at a deemed price of CAD $0.05 per share) as consideration for consulting services rendered to an arm's length third party. These shares are restricted from trading until expiry of the regulatory hold period on February 17, 2015.

12. SHARE BASED PAYMENTS

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSX). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Stock options vest on grant date, except for certain investor relations consultants.

A summary of stock options issued and outstanding is as follows:

		November 30, 2014			**August 31, 2014**	
		Weighted Average Exercise Price	**Number of Options**		**Weighted Average Exercise Price**	**Number of Options**
Outstanding at beginning of period	$	0.08	8,100,000	$	0.13	7,325,000
Cancelled/forfeited					0.13	(1,725,000)
Cancelled					0.10	(1,151,000)
Cancelled					0.25	(699,000)
Granted					0.05	4,350,000
Granted		0.05	2,050,000			
Outstanding at end of the period	**$**	**0.07**	**10,150,000**	**$**	**0.08**	**8,100,000**
Exercisable at end of period	**$**	**0.08**	**8,037,500**	**$**	**0.10**	**4,587,500**

(Expressed in Canadian Dollars)

12. SHARE BASED PAYMENTS (continued)

The following table provides additional information about outstanding stock options at November 30, 2014:

Exercise Price	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	No. of Options Currently Exercisable	Weighted Average Exercise Price – Exercisable Options
$ 0.10	700,000			700,000	
$ 0.13	3,050,000			3,050,000	
$ 0.05	4,350,000			3,262,500	
$ 0.05	2,050,000			1,025,000	
$ 0.05 - $ 0.13	**10,150,000**	**4.19**	**$ 0.07**	**8,037,500**	**$ 0.08**

Share based payments

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the share based payments for the stock options issued at the corresponding periods:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
April 3, 2013	April 3, 2018	$0.14	$0.13	1.26%	5	155%	Nil
August 7, 2013	August 7, 2018	$0.10	$0.13	1.77%	5	160%	Nil
February 21, 2014	February 21, 2019	$0.04	$0.05	1.69%	5	159.93%	Nil
October 27, 2014	October 27, 2019	$0.035	$0.05	1.50%	5	159.93%	Nil

On April 3, 2013 the Company granted 3,775,000 stock options to directors, officers, employees and consultants to purchase up to 3,775,000 common shares of the Company for a period of five years at an exercise price of $0.13 per share. The options vest 50% on the date of grant and 50% one year from the grant date. For the yesr ended August 31, 2014, the Company recorded a charge of $112,230 (2013 - $343,923) in stock-based compensation. A weighted average fair value of $0.09 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

On August 7, 2013 the Company granted 1,000,000 stock options to an officer to purchase up to 1,000,000 common shares of the Company for a period of five years at an exercise price of $0.13 per share. The options vest 50% on the date of grant and 50% one year from the grant date. For the year ended August 31, 2013, the Company recorded a charge of $57,575 in stock-based compensation. For the year ended August 31, 2014, the Company recorded a recovery of $12,086 for prior year's stock based compensation recognized related to unvested forfeitures. A weighted average fair value of $0.06 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

(Expressed in Canadian Dollars)

12. SHARE BASED PAYMENTS (continued)

On February 21, 2014 the Company granted 4,350,000 stock options to directors, officers and employees to purchase up to 4,350,000 common shares of the Company for a period of five years at an exercise price of $0.05 per share. The options vest 50% on the date of grant and 50% within 365 days from the grant date. For the year ended August 31, 2014, the Company recorded a charge of $122,053 in stock-based compensation. A weighted average fair value of $0.0368 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

On October 27, 2014 the Company granted 2,050,000 stock options to directors, officers and employees to purchase up to 2,050,000 common shares of the Company for a period of five years at an exercise price of $0.05 per share. The options vest 50% on the date of grant and 50% within 365 days from the grant date. For the three months ended November 30, 2014, the Company recorded a charge of $35,894 in stock-based compensation. A weighted average fair value of $0.032 per share on the stock options granted was estimated using the Black-Scholes option pricing model with the assumptions listed in the table above.

Total expenses arising from share-based payment transactions recognized during the three months ended November 30, 2014 as part of stock-based compensation were $55,870 (2013 - $107,604).

13. WARRANTS

	November 30, 2014			August 31, 2014		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding at beginning of year	$	0.12	32,994,000	$	0.12	32,994,000
Outstanding at end of the period	**$**	**0.12**	**32,994,000**	**$**	**0.12**	**32,994,000**

The following table summarizes the weighted average assumptions used with the Black-Scholes valuation model for the determination of the fair market value of the warrants issued at the corresponding periods:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life (Years)	Volatility Factor	Dividend Yield
21-Mar-13	21-Mar-15	$0.16	$0.12	0.98%	2	141%	Nil
22-Mar-13	22-Mar-15	$0.15	$0.12	0.99%	2	141%	Nil

(Expressed in Canadian Dollars)

13. WARRANTS (Continued)

Exercise price	Issue date	Expiry date	Balance August 31, 2014	Expired	Exercised	Balance November 30, 2014
$ 0.12	March 21, 2013	March 21, 2015	26,000,000	-	-	26,000,000
$ 0.12	March 22, 2013	March 22, 2015	6,994,000	-	-	6,994,000
Total			**32,994,000**	**-**	**-**	**32,994,000**

14. PREPAID EXPENSES

	November 30, 2014	August 31, 2014
Prepaid insurance	$ 9,681	$ -
Other	1,238	1,223
Total prepaid expenses	**$ 10,919**	**$ 1,223**

15. SEGMENTED INFORMATION

The Company has two reportable operating segments, being the acquisition and exploration of mineral properties. Geographic information comprising property, plant and equipment is as follows:

Geographic Segments

	November 30, 2014	August 31, 2014
Property, Plant and Equipment		
Canada	$ -	$ -
Nicaragua	17,884	20,759
South Africa	828,814	-
Total	**$ 846,698**	**$ 20,759**

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS

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:

		November 30, 2014		November 30, 2013
Management fees	$	186,377	$	-
Consulting fees		38,596		73,912
Rent		-		5,208
Total	**$**	**224,973**	**$**	**79,120**

During the year ended November 30, 2014, remuneration of $224,973 (November 30, 2013 - $79,120) was paid or payable to chief executive officer, executive chairman, a director, companies with common officers, a company with former chief executive officer. During the three months ended November 30, 2014 share-based payments of $55,870 (November 30, 2013 - $71,740) were granted to a former and current chief executive officer, current chief financial officer, current company secretary, current director and certain management employees.

As at November 30, 2014, $26,699 (August 31, 2014 - $23,448) is owed to former chief financial officer, former chief executive officer and current secretary of the Company. Amounts owing are non-interest bearing, unsecured and due on demand. 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.

17. EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenses for the Company are broken down as follows:

		November 30, 2014		November 30, 2013		Cumulative to date
Topacio Property						
Acquisition expenditures	$	-	$	-	$	517,582
Exploration expenditures:						
Project Staff Salaries and Benefits		-		68,521		1,835,004
Project management		-		22,439		689,001
Travel expenses		-		1,160		51,912
Laboratory Analysis Costs -Minerals Sampling		-		-		263,480
Supplies & Repairs		14,721		880		37,658
Authorizations, permits, licenses		-		3,152		306,732
Exploration and evaluation expenditures	$	14,721	$	96,152	$	3,701,369

(Expressed in Canadian Dollars)

18. COMMITMENTS

There are no ongoing commitments for the South African projects for three months ending November 30, 2014 and minimal on-going commitments on maintaining the El Santo mineral permit.

19. OTHER RECEIVABLES

		November 30, 2014		August 31, 2014
GST/HST receivables	$	13,883	$	52,955
Trade receivables		1,149,400		-
Other receivables		-		8,923
Total other receivables	**$**	**1,163,283**	**$**	**61,878**

20. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flows. During the three months ended November 30, 2014, and 2013, the following transactions were excluded from the consolidated statement of cash flows:

i) The Company issued 1,474,522 common shares at a deemed price of CAD$0.05 per share (2013 – Nil) valued at $Nil (2013 - Nil) as the finder's consulting fees.

21. NET OF CASH AND CASH EQUIVALENTS FROM ACQUISITION

		November 30, 2014		November 30, 2013
Increase in PPE	$	(881,947)	**$**	**-**
Increase in Capital Reserve		419,704		-
Increase in Non-controlling int.		403,261		-
Net of cash and cash equivalents from acquisition	**$**	**(58,982)**	**$**	**-**

22. SUBSEQUENT EVENTS

i) Subsequent to three months period ended November 30, 2014, the Company has issued 500,000 common shares to a member of the management team in recognition of his efforts to successfully complete the Company's acquisition of African Star Companies.

ii) Subsequent to three months period ended November 30, 2014, the Company announced on December 1, 2014 that a bulk-sampling program at Oena would commence in Q2 2015 (December 2014 to February 2015). A NI 43-101 report was filed on SEDAR on December 1, 2014.