Tango Mining Limited
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TSX Venture: TGV

Management's Discussion & Analysis

The following Management's Discussion & Analysis ("**MD&A**") of the financial condition and results of the operations of Tango Mining Limited (the "**Company**" or "**Tango**"), constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended August 31, 2015 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended August 31, 2015 and 2014, which have been prepared in accordance with International Financial Reporting Standards ("*IFRS*") as published by the International Accounting Standards Board (IASB). All figures are in Canadian dollars unless otherwise stated. Additional information, including the above mentioned financial statements, which contain extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

Date

This MD&A is dated as of April 4, 2016.

Forward-Looking Information

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 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 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. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Tango 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 principally in the processing of coal and in the acquisition and exploration of exploration and evaluation assets. During the year ended August 31, 2015, the Company acquired or entered in to an agreement to acquire:

- 4 thermal coal, metallurgical and processing contracts in South Africa, from which it gets substantially all of its revenues;
- a diamond project;

The Company is listed on the TSX Venture Exchange ("**TSX.V**"), having the symbol TGV.

Acquisition

On September 30, 2014, the Company entered into an agreement to acquire a 51% interest in 4 South African companies, African Star Minerals (Pty) Limited ("**ASM**"), Kwena Mining Projects CC. ("**KMP**"), Kwena Mining and Metallurgical Services CC. ("**KMMS**") and Kwena Springlake Projects (Pty) Ltd. ("**Springlake**").

KMP, KMMS, and Springlake (collectively, the "**Kwena Group**"), have 4 thermal coal, metallurgical and processing plant and engineering contracts ("**Service Contracts**").

ASM holds a 100% interest in the Oena Diamond Project ("**Oena Project**"), a past producing alluvial diamond property located in the Northern Cape Province, South Africa.

In connection with the acquisition of Kwena Group, the Company issued 1,474,522 common shares with a fair value of $44,236 and paid USD $100,000 ($113,418) in finder fees. The Company also issued 500,000 common shares with a fair value of $20,000 to a director of the Company. As a result, total acquisition costs of $177,654 were expensed audited consolidated financial statements.

South Africa – Kwena Group Acquisition

On October 16, 2014, the Company acquired a 51% in the Kwena Group by issuing 31,850,000 shares with a fair value of $955,500.

The Company determined that the Kwena Group constitutes a business as defined by IFRS 3, Business Combinations. The Company has applied business combination of accounting to this transaction effective the date that control was acquired.

The Company has recognized the identifiable assets and liabilities acquired at their estimated acquisition date fair values. Non-controlling interest on acquisition was determined based on the non-controlling interest share of the identifiable assets and liabilities. The excess of the net identifiable assets less non-controlling interest over the fair value of the consideration paid was recognized as a bargain purchase gain.

Please see Note 6 in the audited consolidated financial statements for the year ended August 31, 2015 for the calculation of the purchase price of the acquisition.

South Africa – African Star Minerals Acquisition

On June 18, 2015, the Company acquired a 51% interest in ASM by issuing 17,150,000 shares with a fair value of $343,000. ASM does not currently have the inputs and processes in place to generate outputs to constitute a business and therefore this acquisition has accounted for as an acquisition of an exploration and evaluation asset.

Please see Note 6 in the audited consolidated financial statements for the year ended August 31, 2015 for the calculation of the purchase price of the acquisition.

South Africa – Coal – Metallurgical and Mining Contracts

Tango owns four mining Service Contracts and employs 307 engineering and operational skilled staff on mining facilities owned by conglomerates, Glencor and Exarro The current production performance supports a target of 6.5 million tonnes throughput for the financial year (19.5 million tonnes are contracted over next 3 years). 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.

South Africa – Diamonds – Oena Alluvial Diamond Mine

The Oena Project, 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. Oena is 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.

The Company announced on March 23, 2016 that it had received a binding offer from Bothma Diamonte CC ("**Bothma**"), an unrelated third party company registered in South Africa, to acquire ASM that owns 100% of the Oena Project, of which Tango has a 51% interest in, in consideration for US$3,000,000, payable in tranches.

Bothma is well known in the Northern Cape and Free State and has worked as contractor on various projects for the mining of alluvial diamonds, the processing and manufacture of river sands and kimberlite projects. The Oena Project consists of an 8,800-hectare mining right and corresponding infrastructure and all associated processing equipment located along the Orange River in a well-established alluvial diamond-mining province known to produce high quality and large sized diamonds.

In connection with its agreement with Bothma, Tango entered into a Binding Term Sheet and Sale and Acquisition Agreement - Contracting ("**Stage 1 Agreement**") whereby Bothma will continue the alluvial diamond bulk-sampling program at the Oena Project, and following that will enter into, a Stage 2 Sale and Acquisition Agreement - Share Sale and Purchase ("**Stage 2 Agreement**") whereby Bothma will complete the acquisition of ASM. The Company's Kwena Group operational team, and in particular Mr. Theodor Boshoff, will continue as the Tango representative during the bulk-sampling program. Tango will receive a minimum of 15% of the proceeds of all diamond sales for a term of the longer of 12 months and/or until a Section 11 approval is obtained.

Tango's sale of ASM is subject to the approval of the TSX.V and to the approval of the Minister of Mineral Resources pursuant to Section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002, Republic of South Africa and completion of the Stage 2 Agreement.

In connection with the sale of ASM, Tango agreed to pay to Merlin Partners LLP a finder's fee in the sum of USD$60,000, representing 2% of the purchase price, which fee shall be paid in pro rata installments within 30 days after Tango receives each tranche of the purchase price.

Botswana, Africa - BK11 Kimberlite Diamond Mine

In July 2015, the Company entered into a sale of shares and claims agreement ("Firestone Agreement") with Firestone Diamonds Limited ("**Firestone**") whereby the Company agreed to acquire 100% of Firestone's right in the processing facility, and interest and title in the mineral rights comprising its Botswana diamond operations (the "**BK11 Mine**"), held directly or indirectly, through Firestone's 100% owned subsidiary, Firestone Diamonds Botswana (Pty) Limited ("**Firestone Botswana**"), and Firestone's 90% owned subsidiary, Monak Ventures (Pty) Limited ("**Monak**") for total consideration of US$1,000,000. The Company also entered into a sale of shares of claims agreement to acquire the remaining 10% interest in Monak from Tema Thuo (Pty) Ltd. ("**Tema Thuo Agreement**") for total consideration of US$800,000.

Pursuant to the Firestone Agreement the Company agreed to pay a purchase price of US$8,000,000, of which US$350,000 ($445,270) has been paid and recorded as a deposit. The Company agreed to pay an additional US$300,000 (the "**Deposit**") and, in the period from the execution of the Firestone Agreement to closing, the Company agreed to pay the care and maintenance fees in respect of the BK11 Mine to a maximum of US$40,000 per month (the "**Maintenance Fees**").

Subsequently, Firestone and the Company agreed to amend certain terms of the Firestone Agreement, such that completion of the BK11 purchase is subject to satisfaction of the following conditions within nine months of the date of the Firestone Agreement, being April 8, 2016 (the "**Firestone Closing**"):

- the Company raising the balance of the consideration, being US$7,650,000;
- the Company raising the aggregate ongoing cumulative Maintenance Fees payable from the August 1, 2015 to the Firestone Closing (subject up to a maximum of US$40,000 per month);
- obtaining Botswana ministerial approval for the transfer of the controlling interest in Monak (the "**Regulatory Approval**"); and
- the Company receiving the requisite approvals by the TSX.V in respect of the purchase.

The Company received conditional approval from the TSX.V of the Firestone Agreement and the Tema Thuo Agreement. The Firestone Closing and the Tema Thuo Closing are subject to final acceptance of the TSX.V and receipt by the parties of the regulatory approvals, as well as certain other conditions standard for a transaction of this type.

To date, the Company has incurred expenditures of $228,562 in connection with this agreement, which consists primarily of preparing a feasibility study. These amounts have been expensed as project investigation costs.

The BK11 Mine is a past producing diamond project located in the Orapa District of Botswana, one of the largest diamond producing countries in the world. The Orapa District includes Debswana's Orapa, Letlhakane and Damtshaa Mines and is located within 5km of the Karowe Mine operated by Lucara Diamond Corp. Mining Licence No. 2010/59L was awarded to the BK11 Mine commencing on 1 July 2010.

BK11 NI43-101 Preliminary Economic Assessment

Senlis Consultancy (Private) Limited ("**Senlis**"), an independent consulting company, was retained by Tango to complete a National Instrument 43-101 ("**NI 43-101**") Preliminary Economic Assessment ("*PEA*") for the BK11 Mine based on the 780,820 carat NI 43-101 Inferred Resource of the BK11 Mine that was calculated to a depth of 150 metres. The PEA was conducted as part of the Company's ongoing development strategy to purchase and reactivate the previously producing open pit operation at the BK11 Mine.

PEA Highlights:

- Post-tax discounted NPV of US$40 million excluding acquisition costs (8% discount rate).
- IRR of 43% including acquisition costs.
- Development CAPEX of US$15M including the purchase of an autogenous mill and contingency.
- Total acquisition cost of US$8.8M for 100% of the BK11 property and mining license.
- Life of open pit mine of 7-years, yielding 569,610 cts producing an average of 90,000 cts per annum (excluding the final year) at a bottom cut off screen size of 1.6 millimetres.
- Annual treatment rate of 1.4M tonnes per annum after Year 1 start up production rate of 1.2Mt.
- Anticipated commissioning and start up in January 2017 after completion of project finance in 2016 and a one-year autogenous mill manufacture and construction period.
- Diamond valuation experts advise a price of US$260/ct and an upside price of US$285/ct as of August 2015. BK11 contains good quality white diamonds in the top 10% of global gem diamond production in terms of value per ct.
- Diamond price escalation of 3% is applied for 2016 and 6% per annum thereafter.
- Nominal Life of Mine ("*LoM*") operating cost before inflation of US$10.20/t compared to revenue of US$20.80/t.
- Gross mine revenues over the LoM of US$188M.
- The Botswana Competition Authority granted unconditional approval on the 28 September 2015 for the transaction. The Mining Licence is in place and approval is pending by the Minister of Mines for transfer of ownership.
- Accumulated tax losses of US$45M to be utilised against future taxable earnings.
- There are excellent paved roads, water supply and potential grid power supply from the national grid.
- The majority of licences for BK11 are still valid and environmental and social impact assessments were conducted previously thus providing a good foundation for redevelopment.
- Botswana is deemed to be an attractive foreign investment jurisdiction based on its status as a renowned world diamond producer with a stable political environment and developed economic sector.

Outcome of NI 43-101 PEA

Senlis was commissioned to compile the PEA for the BK11 Mine redevelopment. Total capital requirement to establish production is estimated to be US$15M (year 1) and includes pre-stripping, purchase and installation of an autogenous mill and refurbishment of the existing plant.

Production from the seven years of open pit mining is forecast to yield approximately 569,610 recovered cts with the aggregate life of mine gross revenues from the BK11 Mine being US$188M and an expected post-tax discounted NPV of US$40 million ("M") and IRR of 43% (8% discount rate).

Life of mine (years)	7
Tonnes mined (9,035,971 t ore + 7,459,473 t waste)	16,495,462
Mining Strip Ratio	0.86
Total designed pit depth (m)	143
Carats recovered	569,610
Grade (cpht) from open pit	6.31
August 2015 diamond price (US$/ct)	260
Capital Requirement including contingency (US$M)	15
Acquisition Cost (US$M) (US$350K Paid)	8.8
Life of mine total cost per tonne ore + waste (US$/t)	10.20
Life of mine revenue (US$/t)	20.80
Life of mine gross revenues (US$M)	188
Net Present Value (at 8% discount rate) (US$M) excluding acquisition costs	40

IRR (%) including acquisition costs	43

The Qualified Valuator (QV) indicates that the overall accuracy of the PEA is to +/- 25%. This PEA outlines capital costs based on base-dated quotations, less than twelve months old, utilises industry-accepted benchmarks, and quantifies reasonable assumptions made Quoted capital and operating costs are base-dated and have an accuracy of +/- 15%.

- **Construction of an autogenous mill:** autogenous milling has been found to increase quantity and quality of diamond liberation and reduces the likelihood of diamond damage.
- **Presence of Type IIa diamonds:** can indicate the presence of large and exceptional diamonds.
- **Prior mining, processing and infrastructure spend:** the BK11 Mine has had US$21M spent on mining and US$24M spent on processing and infrastructure. Approximately 2Mt of waste material has already been removed from the pit thus exposing kimberlite.
- **Experienced mine developers and operators:** Tango has diamond specialists to restart the BK11 Mine who are experts in autogenous milling and mine turnarounds. More information will be released shortly in this regard.

The PEA is preliminary in nature as it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the preliminary assessment and economics set forth in the PEA will be realized.

Nicaragua – Topacio

Previously, the Company's primary focus was the acquisition, subject to a 3% net smelter return royalty, of a 100% undivided interest in 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.

Nicaragua – Gold – El Santo

Tango has received notification from the Nicaraguan Ministry of Energy and Mines that the El Santo mining concession, granted under Ministerial Agreement 114-2008-DM-44 to FDG Mining, SA on 20 November 2008, will be revoked as the property was inactive during the four years from its effective date of 20 November 2008 as there was no investment made by FDG Mining. Tango completed and reported work on the property on the 26 March 2014, subsequent to this period.

Given the challenging market conditions in the resource sector, the Company re-evaluated the economics of its proposed activities of both the projects in Nicaragua and therefore terminated all agreements.

At the year ending August 31, 2015, the Company has approximately $833,373 in cash in its treasury, and continues to evaluate other opportunities that are available for acquisition.

Recent Financings

During the year ended August 31, 2015, the Company completed the following financings:

On June 19, 2015, the Company issued $525,000 of secured convertible notes bearing an interest rate of 12% per annum, with a one year term. At any time after issuance, the holder may elect, at their sole discretion, to be repaid all or a portion of the principal amount in common shares of the Company at a value of $0.05 per common share.
The aggregate offering of the Secured Notes, in the amount of up to $2,500,000, was secured against Tango's 51% interest in African Star Minerals (Pty) Ltd, and the closing and completion of any lesser amount

of Secured Notes shall result in a pro-rata reduction of pledged interest, which only perfects and becomes realizable by the holder upon an event of default by Tango under the terms of the Secured Notes.

During the year ended August 31, 2015, $12,694 of interest has been accrued. The portion of the convertible attributable to equity is not considered material.

On June 17, 2015, the Company issued an unsecured convertible note in the amount of USD $500,000 ($666,500) due in 1 year and an interest rate of 10% per annum. The note is convertible at the discretion of the holder. The principal is convertible at a price of $0.05 per share and the interest is convertible at the last closing price of the Company's shares before the interest becomes payable. As the note is issued in a currency different from the Company's functional currency, the conversion feature is treated as a derivative liability and recorded at fair value. The value of the derivative liability at August 31, 2015 was $257,270 (June 17, 2015 - $81,409) resulting in a loss due to change in fair value of $175,861 and foreign exchange of $26,471. The Company has recorded the note at $602,603 (which includes accretion of $16,690) and accrued interest of $10,340 as at August 31, 2015.

The Offtake Right is effective as of the date of issuance of the Unsecured Note and shall expire on the later of: (i) the date that is 12 months after the date that ATC takes delivery of the first diamond; and (ii) the date that ATC has received a minimum of 2,000 carats.

On March 3, 2015, the Company completed a non-brokered $75,000 private placement with the CEO of the Company consisting of 1,500,000 units at a price of $0.05 per unit. Each unit consists of one share and one warrant to purchase one additional share at a price of $0.10 until March 2, 2017.

On February 26, 2015, the Company has received a share subscription from a director of the Company for issuance of 2,500,000 units at a price of $0.05 per unit for gross proceeds of $125,000 in connection with non-brokered private placement. Each unit consisted of one common share and one transferable share purchase warrant to purchase an additional common share of the Company at a price of $0.10 for a period of 24 months, expiring on March 2, 2017.

On June 18, 2015 the Company issued 17,150,000 common shares with a fair value of $343,000 to certain shareholders of ASM in connection with the acquisition of 51% interests in ASM.

On January 23, 2015, the Company issued 500,000 common shares with a fair value of $20,000 to a member of the management team in recognition of his efforts to successfully complete the Company's acquisition of ASM.

On October 16, 2014, the Company issued 31,850,000 common shares with a fair value of $955,500 to certain shareholders of the Kwena Group in connection with the acquisition of 51% interests in the Kwena Group.

On October 16, 2014, the Company also issued 1,474,522 common shares to the finder with a fair value of $44,236 as consideration for consulting services rendered in relation to the acquisition of ASM.

Selected Annual Information

The following is a summary of the results of the financial operations of the Company for the year ended August 31, 2015, and for the years ended August 31, 2014 and August 31, 2013. The annual results for August 31, 2015 were derived from financial statements prepared using IFRS.

	Year ended August 31, 2015	Year ended August 31, 2014	Year ended August 31, 2013
Revenues	13,827,983	N/A	N/A
Net Loss	(3,216,760)	(1,356,161)	(2,662,007)
Basic and Diluted Loss per share	(0.02)	(0.01)	(0.05)
Working Capital (Deficiency)	866,656	739,171	1,046,590
Total Assets	5,401,282	1,008,462	1,566,838
Total Long-Term Financial Liabilities	398,405	N/A	N/A
Retained Earnings (Deficit)	(14, 742,946)	(12,496,153)	(11,139,992)
Number of shares outstanding at period end	151,513,736	98,452,188	79,452,188

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 condensed consolidated financial statements and related notes for such periods.

	Aug 31, 2015	*May31, 2015*	*Feb 28, 2015*	*Nov 30, 2014*	*Aug 31, 2014*	*May 31, 2014*	*Feb 28, 2014*	*Nov. 30, 2013*
CAD$	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Revenues	*3,542*	*3,445*	*3,463*	*3,378*	*Nil*	*Nil*	*Nil*	*Nil*
Loss Before other items	*(1,476)*	*(1,665)*	*185*	*(261)*	*(239)*	*(273)*	*(258)*	*(586)*
Loss per share before other items – basic and diluted [(1)]	*(0.01)*	-	-	-	-	-	-	-
Shares Outstanding	*151,513*	*153,427*	*153,427*	*148,181*	*98,452*	*98,452*	*98,452*	*98,452*

[(1)] *Based on the weighted average number of shares outstanding during the period.*

Results of Operations

The Company incurred a net loss of $3,467,109 for the year ended August 31, 2015, compared to a net loss of $1,356,161 for the year ended August 31, 2014. Net loss declined between the two periods as the Company reduced exploration operations at the Nicaragua properties and included revenue generated in South African projects in fiscal 2015.

Non-Exploration Expense Summary

A summary of the non-exploration activity is as follows:

	Years ended August 31, 2015	2014
Expenses		
Amortization	$ (66,341)	$ (17,680)
Amortization of service contracts	(218,863)	-
Employee benefits expense	(8,847,918)	-
Exploration and evaluation expenses	(1,277,092)	(94,116)
Foreign exchange loss	(106,667)	(28,480)
Management and consulting	(800,189)	(431,955)
Office and general	(617,215)	(265,403)

	Years ended August 31, 2015	2014
Expenses		
Professional fees	(138,817)	(84,263)
Project investigation costs	(228,562)	-
Raw material and engineering cost	(4,626,110)	-
Share based payments	(99,101)	(222,197)
Shareholder information	(91,556)	(30,304)
Travel and promotion	(152,164)	(156,237)
Net loss for the period	**$ 17,270,595**	**$ 1,330,635**

Professional fees for the year ended August 31, 2015 increased to $138,817 compared to $84,263 in the same period in 2014, because of an increase in the Company's activities in its proposed acquisition of the BK11 Mine. .

Employee benefits expenses was $8,847,918 during the year ended August 31, 2015, as compared to $Nil for the same period in 2014, as a result of the cost of operations in South Africa during fiscal 2015.

During the year ended August 31, 2015, management and consulting expenses increased to $800,189 compared to $431,955 ending August 31, 2014, which increase was the result of increased activities of management in the proposed acquisition of the BK11 Mine.

The Company incurred $1,277,092 in exploration and evaluation expenses and $4,626,110 in raw material and engineering costs during the year ended August 31, 2015, compared to $94,116 and $Nil for the year ended August 31, 2014, which expenses related to the Company's acquisition of AMS and related Oena Project and the Kwena Group.

During the year ended August 31, 2015, travel and promotion expenses remained relatively static.

Share based payments expense for the year ended August 31, 2015 was $99,101 compared to $222,197 during fiscal 2014. The expense is booked based on the vesting schedule of the options issued to officers and directors. The Company uses the Black-Scholes valuation model to determine the stock-based compensation.

During the year ended August 31, 2015, office and general expense was $617,215 as compared to $265,403 ending August 31, 2014. The increase is the result of the operations in South Africa for the Oena Project and Kwena Group.

During the year, ended August 31, 2015, shareholder information increased to $91,556 compared to $30,304 in the same period during 2014. The increase is due to increased costs due to a greater number of news releases in fiscal 2015.

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

Although the Company has commenced generating revenues from certain of its operations, it has relied upon the issuance of equity securities and working capital generated from operations to carry on business activities during the period under review.

As at August 31, 2015, the Company had working deficiency of $866,656, compared to a working capital of $739,171 as at the year ended August 31, 2014.

As at August 31, 2015, the Company had total assets of $5,401,282 (August 31, 2014 - $1,008,462) including cash and cash equivalents of $833,733 (August 31, 2014 - $924,602). The reduction in cash was due to meeting the continuous operational expenses for its properties, management fees and other corporate expenses in Canada.

The total liabilities of the Company as of August 31, 2015 were $4,007,447 (August 31, 2014 - $248,532) and consisted of accounts payable and accrued liabilities of $2,363,217 (August 31, 2014 - $200,084), promissory notes payable of $25,000 (August 31, 2014 - $25,000), convertible notes of $1,150,067 (August 31, 2014 – Nil), derivative liability of $257,270 (August 31, 2014 – Nil), vehicle lease of $7,556 (August 31, 2014 – Nil) and an amount due to related parties of $204,337 (August 31, 2014 - $23,448).

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. 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

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

	Years ended August 31, 2015		Years ended August 31, 2014	
Management fees (included in Management and consulting and Employee benefits expense)	$	1,046,350	$	-
Consulting fees (included in Management and consulting)		137,546		295,578
Directors' fees (included in Management and consulting)		5,000		-
Rent (included in Office and general)		-		12,020
Share based payments		99,101		213,780
Acquisition costs (500,000 shares issued)		20,000		-
Total	**$**	**1,307,997**	**$**	**521,378**

During the year ended August 31, 2015, the Company issued 500,000 common shares with a fair value of $20,000 to a director of the Company in connection with the acquisition of ASM.

During the year ended August 31, 2015, the Company completed two private placements with directors of the Company for a total of 4,000,000 common shares issued and proceeds of $200,000 (Note 19).

As at August 31, 2015, $204,337 (August 31, 2014 - $23,448) is owed to the CFO, CEO and certain directors 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.

Foreign Currency Transactions

The functional currency of Tango Mining Limited, the parent, is the Canadian Dollar, the subsidiaries incorporated in South Africa are the South African Rand ("ZAR"), and the functional currency of the subsidiaries incorporated in Nicaragua are the Nicaraguan Cordoba Oro ("NIO"), and the functional currency of the subsidiary incorporated in the USA is the US dollar. The presentation currency of the consolidated financial statements is the Canadian Dollar.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are recognized in other comprehensive income and recorded in the Company's foreign currency translation reserve in equity. These differences are recognized in the profit or loss in the period in which the operation is dispose

Financial Instruments and Risk Management

The Company is exposed to the following financial risks:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Foreign Currency Risk

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.

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 trade receivables. The Company has no significant concentration of credit risk arising from operations. Cash are held with reputable Canadian and South African chartered banks which are closely monitored by management. Trade receivables are usually received within 30 days. Management believes that the credit risk concentration with respect to financial instruments included in cash and trade receivables 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 August 31, 2015, the Company had current assets of $3,350,127 to settle current liabilities of $4,007,447 resulting in working capital deficit of $657,320. The Company intends to fund these through loans or private placements. All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

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.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from their respective functional currency. The parent company and the subsidiaries do not have significant financial instruments that differ from their respective functional currencies. Therefore, the Company has minimal exposure to foreign currency risk.

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 year ended August 31, 2015, there were no significant transfers between level 1 and 2.

Social Risk

Management have identified the biggest risk in advancing this project is associated with the resource performance (grade) and product assurance (theft), both of which require the Company to source appropriate diamond recovery technology to ensure optimal recovery of diamonds. Risk mitigation through future implementation of the BVX technology should increase diamond recovery efficiency as a result of guaranteed 98% recovery and technology that limit human interaction with the final product.

Disclosure of Outstanding Securities

The authorized capital of the Company consists of an unlimited number of common shares without par value, of which there were 153,426,710 common shares are issued and outstanding as of the date hereof.

Stock Options	Number	Exercise Price	Expiry Date
	350,000	$0.10	November 6, 2017
	350,000	$0.10	July 19, 2017
	3,050,000	$0.13	April 3, 2018
	4,350,000	$0.05	February 21, 2019
	2,050,000	$0.05	October 27, 2019
Total Stock Options	**10,150,000**		

Share Purchase Warrants	Number	Exercise Price	Expiry Date
	4,000,000	$0.10	March 2, 2017
Total Warrants	**4,000,000**		

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.

Exploration and evaluation expenditures

The following is a breakdown of the exploration and evaluation expenditures for the years ended August 31, 2015 and 2014 and cumulative to date on the Company's properties:

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

		Oena Project		Nicaragua		Total
Exploration expenditures:						
Project staff salaries, benefits and consulting	$	807,892	$	-	$	807,892
Travel expenses		5,459		-		5,459
Supplies Expense		608,649		4,799		613,448
Recoveries		(149,707)		-		(149,707)
Exploration and evaluation expenditures	$	1,272,293	$	4,799	$	1,277,092

During the year ended August 31, 2014:

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

		Nicaragua
Nicaragua:		
Exploration expenditures:		
Project staff salaries, benefits and consulting	$	67,763
Project management		12,049
Travel expenses		1,917
Laboratory Analysis Costs -Minerals Sampling		213
Supplies Expense – Fuel		847
Authorizations, permits, licenses		11,327
Exploration and evaluation expenditures	$	94,116

Subsequent Events

Subsequent to the year ended August 31, 2015:

On September 17, 2015, Marco Moller tendered his resignation as president and CEO. In conjunction with such resignation, Mr. Moller surrendered 11,000,000 common shares of the Company issued in connection with the ASM acquisition to treasury for cancellation (Note 6).

The Company received an offer from Bothma Diamonte CC (“**Bothma**”) to acquire the Company’s 51% interest in AMS and its 100% owned Oena Project for US$3,000,000.

The total USD $3,000,000 will be paid in 5 tranches:

- Tranche 1 – Signing of the agreement (“Stage 1”)
- Tranche 2 – USD $1,000,000 to be paid 6 months from the closing of Stage 1, and signing of a second agreement (“Stage 2”)
- Tranche 3 – USD $1,000,000 on approval of Section 22 of the Mineral and Petroleum Resources Department Act No, 28 of 2002, Republic of South Africa (“Stage 3”), and USD $500,000 6 months after the date of closing of Stage 3.
- Tranche 4 – USD $250,000 12 months after the closing of Stage 3
- Tranche 5 – USD $250,000 18 months after the closing of Stage 3

The Company has agreed to enter into Stage 1 of the agreement whereby Bothma will operate the alluvial diamond bulk-sampling program at the Oena Project, and following that a Stage 2 agreement whereby Bothma’s acquisition of the Oena Project by the purchase of Tango’s 51% interest in African Star will be consummated.

Pursuant to the Stage 1 agreement, Bothma will provide all necessary equipment and machinery, as well as qualified labour, expertise and supervision and the Company will receive the proceeds of all diamond sales, less Bothma's costs as follows:

- ZAR 0 to ZAR 1,000,000 – 15%;
- ZAR 1,000,000.01 to ZAR 2,000,000 – 18%; and
- greater than ZAR 2,000,000.01 – 20%, for a term of the longer of 12 months and/or until the Section 11 Approval is obtained

In connection with the sale of the Oena Project, the Company has agreed to pay a finder's fee in the sum of $60,000.

The Company's sale of the Oena Project is subject to regulatory approval.

The Company intends to enter into a proposed USD$30M loan commitment with Vanderbilt Commercial Lending, Inc. ("**Vanderbilt**") for the acquisition and capital required for the restart of the previously operating BK11 Mine (the "**Loan**"). Vanderbilt has issued its Loan Disclosure Agreement to Tango, which outlines the general parameters for a USD$30M Loan that will be documented in a final Loan Commitment Agreement. The outstanding principal, plus accrued and unpaid interest will be due at the end of the five-year term of the Loan which includes an 18-month pre-paid interest Reserve Fund. The fixed interest rate on the Loan will be the greater of 13% per annum or 975 basis points above the WSJ Prime Rate during the term of the Loan. The Loan will have a first lien position on the BK11 Mine and Tango's 51% interest in the Kwena Group.

11,000,000 common shares, surrendered by Marco Moller in conjunction with his resignation as President and CEO on September 17, 2015, were cancelled on March 7, 2016.

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 9 *Financial Instruments* Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures. Annual periods beginning on or after 1 January 2015. 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.

IFRS 10 Consolidated Financial Statements 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. 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.

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.

Adoption of new and revised standards and interpretations

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.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. 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 with early adoption permitted.

Other accounting standards and amendments to existing accounting standards that have been issued and have future effective dates are not applicable or are not expected to have a significant impact on the Company's consolidation financial statements.

New standard IFRS 15 "Revenue from Contracts with Customers"

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

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 consolidated financial statements.

Additional Information

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