tangomining

Tango Mining Limited
202 – 5626 Larch Street
Vancouver, British Columbia,
V6M 4E1, Canada
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 three and nine months ended May 31, 2016 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended May 31, 2016 and 2015, and 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 July 29, 2016.

Forward-Looking Information

This MD&A includes "forward-looking statements", including but not limited to, statements made in the Operating Environment, Performance by Objective, Financial Results by Business Activity and Risk Management sections of the report. Specific forward-looking statements include, but are not limited to, statements with respect to Tango's outlook for the regulatory environment in which we operate, the outlook and priorities for each business segment and the risk environment. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. These risks and uncertainties, many of which are beyond the control of Tango, include, but are not limited to, economic, financial and regulatory conditions, nationally and internationally and could cause actual results to differ materially from the expectations expressed in these 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. These estimates and other forward-looking statements are based on a number of assumptions and are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to estimated operating and cash costs, foreign currency fluctuations; risks inherent in mining including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; including risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses, and commodity price fluctuations; uncertain political and economic environments; changes in laws or policies, foreign taxation, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the Company's Annual Information Form. In addition, forward-looking information is based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed price of coal, diamond and other metals; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment where the Company operates will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements.

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:

- Four thermal coal, metallurgical and processing contracts in South Africa, from which it gets substantially all of its revenues;
- a alluvial diamond project on the Orange River in South Africa;

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

African Star Minerals and Kwena Group 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 (Pty) Ltd. (“**KMP**”), Kwena Mining and Metallurgical Services (Pty) Ltd. (“**KMMS**”) and Kwena Springlake Projects (Pty) Ltd. (“**Springlake**”).

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

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

In connection with the acquisition of Kwena Group and ASM, 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 in the statement of loss and comprehensive loss during the financial year ended August 31, 2015.

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.

South Africa – Coal – Kwena Group Service Contracts

The Kwena Group have four Service Contracts and employ over 300 engineering and operational skilled staff on mining facilities owned by Glencore and Exxaro. 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 – ASM 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.

South Africa – Diamonds – ASM Oena Project

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 Diamante 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.

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 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 Acquistion

On July 9, 2015, Tango 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$8.0M. Tango 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 (C$445,270) has been paid and recorded as a deposit. The Company has 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**").

As reported on October 13, 2015, certain terms of the Firestone Agreement were amended by an amendment letter (the “**Amendment Letter**”). Pursuant to a further amendment of the Firestone Agreement, conditions of the Firestone Agreement and the Amendment Letter must now be satisfied by no later than 29 August 2016 (the “**Revised Drop Dead Date**”) such that completion of the BK11 purchase is subject to satisfaction of the following conditions before August 29, 2016 (the “**Firestone Closing**”):

- Tango raising the balance of the consideration, being US$7.65M;
- Tango 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 Government approvals (the “**Regulatory Approvals**”) including:
    - Botswana Competition Authority which granted unconditional approval on September 28, 2015 for the transaction, and
    - Botswana Minister of Minerals, Energy and Water Resources which granted approval on April 18, 2016 for transfer of the ownership of Monak, which holds Mining Licence No. 2010/59L; and
- Tango receiving the requisite approvals by the TSX.V in respect of the purchase.

The Company has 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 by the TSX.V as well as certain other conditions standard for a transaction of this type.

Nine month periods ended May 31, 2016, the Company has incurred expenditures of $378,810 in connection with this agreement which consists primarily of preparing a preliminiary economic assessment. 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 July 1, 2010.

Botswana, Africa – BK11 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 (Mt) per annum after Year 1 start up production rate of 1.2Mt.
- Anticipated commissioning and start up tweleve months after completion of project financing 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.
- 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.

Botswana, Africa – BK11 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$15 million (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, utilizes 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.

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 PEA and economics set forth in the PEA will be realized.

Nicaragua – Gold – El Santo & Topacio

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.

As of the nine months ending May 31, 2016, the Company had approximately $554,249 in cash in its treasury, and continues to evaluate other opportunities that are available for acquisition

Recent Financings

During the quarter ended May 31, 2016, the Company received an unsecured loan of US$100,000, which may be paid by the issuance of units, common shares, warrants, bonus shares and/or convertible note instruments in the Company, subject to the approval of the TSX.V.

Discussions of Operations

For the nine months ended May 31, 2016, the Company had two reportable segments:

- The operation of four thermal coal, metallurgical and processing plants under engineering contracts; and
- The acquisition, exploration and evaluation, and development of mineral properties.

For the nine months ended May 31, 2016, the Company's activities related to the acquisition, exploration and evaluation, and development of mineral properties were minimum. However, the Company is generating revenue from its four thermal coal processing units. Subsequent to nine months ending May 31, 2016, the Service Supply Agreement in respect of the Glencore managed Springlake Colliery Plant Operation by KSPL, one of the four coal processing units has been renewed for twelve months (see subsequent events).

The following is summarized financial information of the Company's reportable segments for nine months ended May 31, 2016:

	Coal Processing Service Contracts	Exploration and evaluation	Corporate	Consolidated
Revenue	$ 9,685,319	$ -	$ -	$ 9,658,319
Amortization	19,477	4,840	-	24,317
Amortization of service contracts	159,252	-	-	159,252
Income tax expense	1,892	184,857	-	186,749
Net loss	$ 16,377	$ 753,503	$ 719,361	$ 1,489,241
Total assets	$ 3,072,508	$ 760,198	$ 473,626	$ 4,306,332
Total liabilities	(1,081,336)	(1,962,775)	(1,652,074)	(4,696,182)
Net assets (liabilities)	$ 1,991,172	$ (1,202,574)	$ (1,178,448)	$ (389,849)

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 financial statements and related notes for such periods.

	May 31 2016	*Feb 29, 2016*	*Nov 30, 2015*	*Aug 31, 2015*	*May 31, 2015*	*Feb. 28, 2015*	*Nov 30, 2014*	*Aug 31, 2014*
CAD$	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Revenues	*2,970*	*3,234*	*3,481*	*3,542*	*3,445*	*3,463*	*3,378*	*Nil*
Profit/(loss) Before other items	*(2)*	*(1,298)*	*(189)*	*(1,476)*	*(1,665)*	*185*	*(261)*	*(239)*
Loss per share before other items – basic and diluted [(1)]	-	-	-	-	-	-	-	-
Shares Outstanding	*140,916*	*153,426*	*153,426*	*151,513*	*153,427*	*153,427*	*148,181*	*98,452*

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

The main decline in revenue since August 31, 2015, was due to a reduction in coal tonnage treated in the South African Coal Processing facility, that in turn was driven by the global decline in commodities. The Q2 loss relates to accrued finance charges and taxes in the South African entities. Some of the tax provision were released in Q3 due to reduced profitability, decreasing the net loss.

Results of Operations

The Company incurred a net loss of $1,632 and $1,489,241 for the three and nine months ended May 31, 2016, compared to net loss of $1,421,481 and $1,691,561 respectively for the three and nine months ended May 31, 2015.

Net loss decreased for three and nine months between the two periods as the Company tried to control the cost and tried to run the operation with the existing resources based on the available finances.

Non-Exploration Income and Expense Summary

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

	Three months ended May 31,		Nine months ended May 31,	
	2016	**2015**	**2016**	**2015**
Revenues	$ 2,969,933	$ 3,444,893	$ 9,685,319	$ 10,286,262
Operating expenses				
Amortization	(8,129)	(54,957)	(24,317)	(159,932)
Amortization of service contracts	(53,084)	-	(159,252)	-
Employee benefits expense	(1,724,354)	(3,081,929)	(5,398,873)	(6,905,320)
Foreign exchange (loss)/gain	(561)	(4,257)	10,478	(11,364)
Management and consulting	(55,916)	(170,893)	(527,246)	(674,815)
Office and general	(43,809)	(37,021)	(308,136)	(99,291)
Professional fees	(12,753)	(22,550)	(128,578)	(57,395)
Project investigation costs	(87,107)	-	(378,810)	-
Raw material and engineering cost	(1,192,747)	(988,317)	(3,307,605)	(3,201,787)
Share based payments	-	(8,267)	(5,158)	(90,462)
Shareholder information	(14,499)	(27,443)	(18,432)	(64,652)
Travel and promotion	2,187	(22,544)	(69,561)	(59,180)
Net profit/(loss) for the period	(220,839)	(973,285)	(630,171)	(1,037,936)

During the three and nine months ended May 31, 2016, the Company reported revenues of $2,969,933 and $9,685,319 as compared to gross revenue of $3,444,893 and $10,286,262 for the three and nine months ended May 31, 2015. The main decline in revenue since Aug 31, 2015 was due to a reduction in coal tonnage treated in the South African Coal Processing facility, that in turn was driven by the global decline in commodities.

Employee benefits expenses were $1,724,354 and $5,398,873 during the three and nine months ended May 31, 2016, as compared to $3,081,929 and $6,905,320 for the three and nine months ended May 31, 2015. The cost is reduced because of closure of operation at Oena and reduction of cost at various sites of Kwena.

During the three and nine months ended May 31, 2016, management and consulting reduced due to resignations early in FY 2016 of senior management and restructuring of management responsibilities.

Office and general expenses increased during the three and nine months ended May 31, 2016, as compared to the three and nine months ended May 31, 2015 due to additional efforts for securing new financing and opportunities namely BK11.

Professional fees for the three and nine months ended May 31, 2016 were $12,753 and $128,578, compared to $22,550 and $57,395 compared to period ended May 31, 2015. The professional is less in the current quarter because of minimum legal costs, however, during nine months ending, there is an increase in the cost because of Company's continuous activities in its proposed acquisition of the BK11 Mine.

Project investigation cost for the three and nine months ended May 31, 2016 were $87,107 and $378,810 compared to $Nil and $Nil during the same period in 2015, because the initial feasibility study and project evaluation cost for BK11 mine is included in the cost in the fourth quarter of previous year and all periods in the current year.

There is no big difference in the Raw material and engineering cost during the three and nine months' periods ending May 31, 2016 and 2015, because these cost are directly related to revenue.

Share based payments expense for the three and nine months ended May 31, 2016 was $Nil and $5,158, compared to $8,267 and $90,462 for the three and nine months ended May 31, 2015. 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 three and nine months ended May 31, 2016, shareholder information decreased to $14,499 and $18,432 compared to $27,443 and $64,652 for the three and nine months ended May 31, 2015. The decrease is due to less number of news release and filing fees.

During the three months ended May 31, 2016, no significant travel and promotional expenditures were incurred because management wanted to preserve cash for current operation.

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 May 31, 2016, the Company had working capital deficiency of $2,204,167 (August 31, 2015 - $866,656).

As at May 31, 2016, the Company had total assets of $4,306,332 (August 31, 2015 - $5,401,282) including cash and cash equivalents of $554,249 (August 31, 2015 - $833,373). The reduction in cash was due to expenditures related to BK11, management fees and other corporate expenses in Canada.

The total liabilities of the Company as of May 31, 2016 were $4,696,182 (August 31, 2015 – $4,405,852) and consisted of accounts payable and accrued liabilities of $2,288,100 (August 31, 2015 - $2,363,217), promissory notes payable of $25,000 (August 31, 2015 - $25,000), convertible notes of $1,222,156 (August 31, 2015 – $1,150,067), derivative liability of $257,270 (August 31, 2015 – $257,270), vehicle lease of $24,398 (August 31, 2015 – $7,556) and an amount due to related parties of $407,422 (August 31, 2015 - $204,337).

Requirement of Additional Equity Financing

The Company has relied on equity financings and short-term interest bearing loans for all funds raised to date for its operations. The Company intends to rely 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:

	Three months ended May 31, 2016	Three months ended May 31, 2015	Nine months ended May 31, 2016	Nine months ended May 31, 2015
Management fees (1)	$ 45,945	$ 136,894	$ 475,076	$ 579,220
Consulting fees (2)	9,971	16,500	52,170	73,096
Directors' fees	-	5,000	-	10,000
Share based payments	-	8,267	5,158	90,462
Total	**$ 55,916**	**$ 166,661**	**$ 476,489**	**$ 752,778**

Balance payable:	May 31, 2016	August 31, 2015
Management and Consulting fees (3)	$ $407,422	$ 204,337
Total	**$ $407,422**	**$ 204,337**

(1) *Included in management fees are salaries/fees paid to Executive Chairman Terry L. Tucker, Kevin Gallagher, a director of the Company, and management employees.*

(2) *Represents the fees paid to Imperial Accounting and Management Services, a company controlled by the current CFO Kalyan Paul and Wiklow Corporate Services, a company owned by the Corporate Secretary Donna M. Moroney.*

(3) *These amounts represent fees payable to Executive Chairman Terry L. Tucker, Kevin Gallagher, a director of the Company, management, Imperial Accounting and Management Services, a company controlled by the current CFO Kalyan Paul and Wiklow Corporate Services, a company owned by the Corporate Secretary Donna M. Moroney.*

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 May 31, 2016, the Company had current assets of $2,346,672 (August 31, 2015- $3,140,791) to settle current liabilities of $4,550,839 (August 31, 2015 - $4,007,447) resulting in working capital deficit of $2,204,167 (August 31, 2015 - $866,656). 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 nine months ended May 31, 2016, 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.

Disclosure of Outstanding Securities

On On March 7, 2016, 11,000,000 common shares of the Company surrendered by Marco Moller, the previous President and CEO, which were issued to him in connection with the ASM acquisition, have been cancelled. The authorized capital of the Company consists of an unlimited number of common shares without par value, of which there were 142,426,710 common shares are issued and outstanding as of the date hereof.

The following tables summarize the current outstanding incentive stock options and share purchase warrants acquiring or purchasing common shares of the Company:

Stock Options	Number	Exercise Price	Expiry Date
	2,800,000	$0.13	April 3, 2018
	3,450,000	$0.05	February 21, 2019
	1,100,000	$0.05	October 27, 2019
Total Stock Options	**7,350,000**		

Share Purchase Warrants	Number	Exercise Price	Issue Date	Expiry Date
	4,000,000	$0.10	March 2, 2015	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 periods ended May 31, 2016 and 2015 and cumulative to date on the Company's properties:

		May 31, 2016		May 31, 2015		Cumulative to date
Nicaragua and South Africa Properties						
Acquisition expenditures	$	-	$	-	$	1,375,082
Exploration expenditures:						
Project Staff Salaries and Benefits		169,489		-		2,146,641
Project management		-		710,316		718,031
Travel expenses		3,821		-		59,758
Laboratory Analysis Costs -Minerals Sampling		-		-		232,099
Supplies & Repairs		317,886		-		395,741
Authorizations, permits, licenses		-		-		244,837
Exploration and evaluation expenditures	**$**	491,196	**$**	710,316	**$**	5,172,189

During the nine months' period ended May 31, 2016, exploration and evaluation expenses were $491,196 compared to $710,316 during the nine months ended May 31, 2015. The expenses reduced because of discontinuation of exploration activities namely in the South African projects in the current year.

Subsequent Events

1) On June 6, 2016, the Company announced that the Service Supply Agreement in respect of the Glencore managed Springlake Colliery Plant Operation by Kwena Springlake Projects Proprietary Limited, one of the three Kwena Group Companies in which the Company acquired a majority interest in October 2014, has been renewed for twelve months to May 18, 2017.

2) On July 14, 2016, the Company announced that it had entered into a non arms-length acquisition agreement to acquire an additional 23% interest in the issued and outstanding shares the Kwena Group in which the Company currently owns a 51% interest, thus increasing the Company's total interest to 74%. The Company agreed to issue 14,200,000 shares at a deemed price of $0.05 ("Payment Shares") to acquire the 23% interest in the Kwena Group. The transaction remains subject to TSX Venture Exchange approval.

3) Since December 2015, the Company received loans totaling C$410,182.50, pursuant to which the lenders have been granted the option to convert the principal into units of the Company at the discretion of the lenders. Each unit shall consist of one common share at a price of $0.05 per share and one share purchase warrant to purchase one additional common share at a price of $0.10 per share, which warrants shall be for a term of two years. The loans bear interest at the rate of 12% per annum and are due on dates ranging from 30 October 2016 to 31 December 2016. Interest payable under the loans may be settled by the issuance of common shares at a price not below the trading market price at the time the interest is payable. In connection with the loans, the Company agreed to pay a finder's fee to Merlin Capital Partners LLP ("Merlin") equal to 6% of the proceeds raised from parties introduced by Merlin for a total of US$200,000, which finder's fee shall consist of US$12,000 cash and an aggregate of 313,416 finder's share purchase warrants (US$12,000 = C$15,670.80 @ 1.3059), which warrants are exercisable for a period of two years at a price of C$0.05 per share (collectively the "Finder's Fee"). The convertible notes and Finder's fee are subject to the approval of the TSX Venture Exchange.

4) The holders of an unsecured convertible note for US$500,000 bearing interest at a rate of 10% and convertible secured notes amounting to C$525,000 bearing interest at a rate of 12%, all of which notes are convertible into common shares in the capital stock of the Company at a price of C$0.05 per share (the "Convertible Note Financings"), have agreed to extend the term of the convertible

notes from 22 June 2016 with conversion tranches starting from 22 August 2016. The Company anticipates paying the notes with cash received from Bothma Diamonte CC pursuant to the Company's disposition of its 51% interest in African Star Minerals (Pty) Limited, that owns 100% of the Oena Mine located in Northern Cape, South Africa (the "Oena Project"), for US$3,000,000, payable in tranches, as announced on 23 March 2016. The first payment of US$1 Million is expected on or before 17 August 2016.

5) The Company has extended the expiry date on 4,000,000 share purchase warrants from 2 March 2017 to 2 March 2020, subject to approval of the TSX Venture Exchange. The warrants are exercisable at a price of $0.10 per share.

6) The Company announced a private placement of up to 60,000,000 units at a price of $0.05 per unit. Each unit shall consist of one common share and one share purchase warrant to purchase one additional common share at a price of $0.10 per share, exercisable for a period of two years from the date of grant. The funds raised from the private placement will be used to fund ongoing working capital and to settle indebtedness. The private placement is subject to approval by the TSX Venture Exchange.

7) The Company has granted to certain officers and consultants, stock options to purchase up to an aggregate of 1,650,000 common shares, which options are exercisable for a term of five years at an exercise price of $0.05 per share.

8) In addition to the cash finder's fees of $16,500 and US$30,000 that were paid in connection with the Convertible Note Financings, an aggregate of 1,068,000 finder's fee warrants are to be issued (the "**Finder's Warrants**"), subject to the approval of the TSX Venture Exchange. The Finder's Warrants are exercisable at a price of C$0.05 per share, expiring on 22 June 2017.

9) The Kwena Group companies includes Kwena Mining Projects (Pty) Limited ("KMP"), which holds a 100% interest in three contracts for services among KMP and Exxaro, owner of the (i) Dorstfontein East colliery, (ii) Dorstfontein West colliery and (iii) Forzando colliery. The three contracts have all been renewed until December 31, 2016.

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.