**Tango Mining Limited**
**202 – 5626 Larch Street**
**Vancouver, British Columbia**
**V6M 4E1, Canada**
**TSX Venture: TGV**

*Interim Management's Discussion & Analysis*

## ** Quarterly Highlights **

This Management's Discussion & Analysis – Quarterly Highlights ("**Quarterly Highlights**") of Tango Mining Limited (the "**Company**" or "**Tango**") is prepared as of January 25, 2017 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three months ended November 30, 2016, as well as the audited financial statements for the year ended August 31, 2016.

The interim unaudited financial statements have been prepared by management in accordance with International Accounting Standards ("**IAS**") 34 'Interim Financial Reporting' ("**IAS 34**") using accounting policies consistent with the International Financial Reporting Standards issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

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.

## Forward-Looking Information

This Quarterly Highlights 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.

## Analysis of the Company's Financial Performance and Condition

The Company incurred a net loss of $122,705 for the three months ended November 30, 2016 ("**Q1 2017**"), compared to a net loss of $189,512 for the three months ended November 30, 2015 ("**Q1 2016**"). Net loss decreased between the two periods due to a foreign exchange gain, as well as a gain in the fair value of the derivative liability, offset by increased exploration and project investigation costs.

*Non-Exploration Expense Summary*

| | **Periods ended November 30,** | |
|---|---|---|
| | **2016** | **2015** |
| **Expenses** | | |
| Amortization | (7,006) | (8,349) |
| Amortization of service contracts | (16,177) | (53,084) |
| Employee benefits expense | (2,121,978) | (2,043,127) |
| Exploration and evaluation expenses | (31,691) | - |
| Foreign exchange gain | 102,138 | 69,434 |
| Management and consulting | (169,873) | (64,500) |
| Office and general | (108,169) | (180,116) |
| Professional fees | (48,146) | (27,094) |
| Project investigation costs | (47,760) | - |
| Raw material and engineering cost | (1,045,906) | (1,327,385) |
| Share based payments | (8,846) | (5,158) |
| Shareholder information | (2,068) | (3,502) |
| Travel and promotion | (18,486) | (24,639) |
| **Net loss for the period** | **(3,523,968)** | **(3,667,520)** |

A summary of the material non-exploration activity variances during Q1 2017 and Q1 2016 are as follows:

- Amortization of service contracts decreased as a result of the impairment done during the year ended August 31, 2016.

- Exploration and evaluation expenditures increased in Q1 2017 compared to Q1 2016 due to costs related to startup and commissioning of the Oena project. The Oena project was put on temporary care and maintenance in December 2015.

- The foreign exchange gain arises mainly from the revaluation of the ZAR denominated intangible asset in customer contracts and the Oena Project brought on by the strengthening of the South African Rand against the Canadian Dollar in Q1 2017.

- Management and consulting is showing a higher value in Q1 2017 due to non-accruals in Q1 2016.

- General overheads such as office and general, shareholder information and travel and promotion decreased during Q1 2017 as a result of cost cutting initiatives.

- Professional fees increased for Q1 2017 compared to Q1 2016, by contracting in specialized skills when required, as opposed to full time employment.

- Project investigation costs incurred in Q1 2017 were the result of all pursuit expenditures being put on hold in Q1 2016.

- The reduction in raw materials and engineering cost is consistent with the reduction in turnover due to lower tonnages processed in the coal segment.

*Exploration and Evaluation Expenditures*

The following is a breakdown of the exploration and evaluation expenditures for Q1 2017:

| | | Oena Project |
|---|---|---|
| Exploration expenditures: | | |
| Project staff salaries, benefits and consulting | $ | 8,147 |
| Travel expenses | | 14,635 |
| Supplies Expense | | 8,909 |
| Recoveries | | - |
| **Exploration and evaluation expenditures** | $ | 31,691 |

*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 November 30, 2016, the Company had a working capital deficiency of $2,212,866 compared to a working capital deficiency of $2,105,490 as at the year ended August 31, 2016. The biggest contributors to the weakening working capital position relates to the amount due to related parties, being unpaid management fees, an increase in taxes payable and interest on the convertibles. These adverse changes were offset by a reduction in the derivative liability.

As at November 30, 2016, the Company had total assets of 3,801,856 (August 31, 2016 - $4,190,475) including cash and cash equivalents of $693,698 (August 31, 2016 - $970,048). The reduction in cash was due to meeting the continuous operational expenses for its properties, management fees and other corporate expenses in Canada. Refer to the cash flow statement in the unaudited condensed consolidated financial statements.

The total liabilities of the Company as at November 30, 2016 was $4,971,283 (August 31, 2016 $5,297,252). The reduction of total liabilities was due to payments to creditors and a reduction in the valuation of the derivative liability obligation. This was offset by an increase in the value of the convertible notes due to interest, increase in taxes payable and an increase in unpaid amounts due to related parties.

The Company completed a private placement of C$67,500 in unsecured convertible notes. The notes, bearing interest at 12%, are due on 28 February 2017, and are convertible into units of the Company at a price of C$0.05 per unit, with each unit consisting of one common share and one share purchase warrant exercisable at a price of C$0.07 per share for a term of two years.

*Recent Activity*

On November 18, 2016, the Company appointed African Mineral Recovery Solutions CC ("**AMRS**") as contractor to recommence bulk sampling of the Oena diamond mine located in the Northern Cape, South Africa (the "**Oena Project**"). AMRS will pay a gross income of net diamond sales, less state royalties, based on a sliding scale between 15% and 20% for the duration of the 24-month contract. ATC Enterprises DMCC maintain their diamond offtake right until they have received a minimum of 2,000 carats. Tango terminated both the sale and contracting agreements, as announced on 23 March 2016, with Bothma Diamonte CC.

## Transactions with Related Parties

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

| | Periods ended November 30, | |
|---|---|---|
| | 2016 | 2015 |
| Management fees (included in Management and consulting and Employee benefits expense) | $ 160,873 | $ 48,000 |
| Consulting fees (included in Management and consulting) | 9,000 | 16,500 |
| Share based payments | 8,864 | 5,158 |
| **Total** | **$ 178,737** | **$ 69,658** |

As at November 20, 2016 $877,913 (August 31, 2016, $806,637) is owed to the CFO, CEO and certain directors and insiders 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.

## Subsequent Events

Subsequent to November 30, 2016, the Company was notified by one of its customers that it was terminating its service contract with the Company. During the year ended August 31, 2016, this service contract accounted for 21% of the Company’s revenue. Management does not consider the overall impact on the group to be material.