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 year ended August 31, 2018 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended August 31, 2018, 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 ("CAD") unless otherwise stated. Additional information, including the above mentioned financial statements, which contain 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 December 20, 2018.

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.

The year under review

Tango Mining Limited ("Tango" or the "Company") was incorporated under the British Columbia Business Corporations Act on April 10, 2007.

The Company, via its Republic of South Africa subsidiaries, holds three metallurgical and mining contracts with Exxaro Coal Central Proprietary Limited (ECC), that currently process at a rate of approximately 6.5 million tonnes ("Mt") of coal per annum.

The Company also holds an interest in the Oena Diamond Mine ("Oena Mine"), an alluvial diamond property, located in the Northern Cape Province which consists of one New Order Mining Lease. The New Order Mining Lease is held by Tango`s subsidiary, African Star Minerals (Pty) Limited ("African Star"). During the year ended August 31, 2018, the Department of Minerals and Resources confirmed renewal of the New Order Mining Lease for another nine years to March 15, 2027.

In addition, the Company has undertaken project development on the Moquita Project in Republic of Angola as part of a joint venture arrangement with CC Mining Limited.

Some of the future diamond exploration projects includes the Middlepits Project in Republic of Botswana for which the Company's partner, Metswedi Mining Pty Ltd has now received the first renewal on two prospecting licenses.

The second diamond exploration project is located in the Republic of Liberia, called the Mano River Project, which was acquired from West Mining Ltd.

The Company is listed on the TSX Venture Exchange ("TSX.V"), having the symbol TGV. The address of the Company's corporate office and principal place of business is 5626 Larch Street, Suite 202, Vancouver, British Columbia, V6M 4E1, Canada.

Assets

South Africa – Coal – Metallurgical and Mining Contracts

The Company has three thermal coal, metallurgical and processing plant and engineering service contracts, which were acquired in fiscal 2015 and currently process at a rate of approximately 6.5 Mt per annum. The three projects are located within the Ogies and Highveld coalfields, Mpumalanga Province. The three contracts for services are with ECC, owner of the (i) Dorstfontein East colliery, (ii) Dorstfontein West colliery and (iii) Forzando colliery and are operated by the Company`s Kwena Group operational team, which consists of 231 full time and 23 part time employees. The three contracts were renewed in June 2017 and are valid until June 2020.

South Africa – Diamonds – Oena Mine

The Oena Mine is a producing alluvial diamond property that covers 8,800 ha located in the Northern Cape Province, South Africa and 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.

In October 2017, the Company entered into a five-year Contract Mining and Diamond Recovery Agreement (the "Oena Agreement") with Bluedust 7 Proprietary Limited ("Bluedust"). Bluedust has developed the Oena Mine

using Bourevestnik X-ray machines ("BVX") and/or pan plants and Bluedust, at its own cost and expense, will provide and maintain all the plant and equipment as required. In November 2017, the Company amended the Oena Agreement to include the processing of pan and bantam tailings material.

During fiscal 2018 and the period to December 2018, the Company acquired additional plant and earth moving machinery to expand processing capacity going into the 2019 calendar year.

Total carats recovered to end of November 2018 is 2,580 carats, which sold for an average of US$1,233. Of these, 11 stones exceeded 10 carats, and sold for an average price of US$ 4,730 per carat.

Angola – Diamonds – Txapemba Project

Based on a review of the economic viability of the Txapemeba Project, the Company terminated the three-year renewable Services Agreement for Mining and Marketing of Diamonds with Txapemba Canguba R.L, which termination was announced on September 11, 2017.

Angola – Diamonds – Moquita Project

The Company signed a services Agreement for Mining and Marketing of Diamonds with Cooperativa Mineira Do Moquita, SCRL ("Moquita") on a 147 square km portion of a concession located 50 km north of Lucapa within the Lauchimo River basin, Province of Lunda Norte, Republic of Angola.

Tango is responsible for capital expenditures associated with alluvial diamond mine design and equipment acquisition as well as enhancing production. As remuneration, Tango will receive 60% of the proceeds from the sale of produced diamonds.

In September 2018, the Company secured US$500,000 in financing to be solely used to fund both the capital and operating costs under the project as part of a Joint Venture arrangement with CC Mining Limited.

Botswana – Diamonds – Middlepits Project

The Middlepits Project is located 470 km south west of Gaborone and 90 km south west of Tshabong in the Kgalagadi District, Botswana and consists of two Prospecting Licenses ("PLs") that were explored between 1974 and 1976 by De Beers, between 1978 and 1980 by Falconbridge and between 1993 and 1997 by Southern Africa Minerals Corporation.

During October 2018 Metswedi Mining (Pty) Ltd. ("Metswedi") received the first renewal for both Prospecting License No. 101/2015 (430 km2) and No. 058/2015 (2.3 km2) which make up the Middlepits Project.

Exploration is currently in the planning phase.

Liberia – Diamonds – Mano River Project

Tango Mining Limited signed an acquisition agreement to acquire an 80% unencumbered interest in the Mano River Project (the "Mano River") from West Mining Ltd ("WML"), Republic of Liberia. Mano River consists of one recently granted 104.3 square km diamond mineral exploration license located in the western part of Republic of Liberia. This portion of Liberia is well known for the wide spread occurrence of alluvial diamonds and the known presence of kimberlites.

Mineral Exploration License MEL7003018 (MEL) was granted on the 7 September 2018 and expires 7 September 2021. The expectation is to develop an exploration program by the end of Q1 2019 and carry

out the work on Mano River. This exploration work is expected to consist of geological and structural mapping, sampling and ground geophysical surveys. As consideration for the acquisition of the 80% interest in Mano River, the Company shall assume all holding costs and WML will provide full local support and assistance to Tango within the Republic of Liberia.

Corporate

During fiscal 2018 the Company issued 17,895,380 common shares at a price of $0.05 per share pursuant to a shares for debt conversion for an aggregate of $894,771 and raised an additional $187,745 by way of private placement by the issuance of 3,754,840 common shares at a price of $0.05 per share. 10,210,000 common shares were issued upon conversion of a convertible note for US$400,000 (C$510,000) and management compensation of $302,715 was paid by the issuance of 8,463,000 common shares at a price of $0.05 per share pursuant to the terms of the management consulting agreements.

As at the year ended August 31, 2018, the Company had approximately $671,055 (August 31, 2017: $641,527) in cash in its treasury.

Selected Annual Information

The following is a summary of the results of the financial operations of the Company for the year ended August 31, 2018, and for the years ended August 31, 2017 and August 31, 2016.

	Year ended August 31, 2018	**Year ended August 31, 2017**	**Year ended August 31, 2016**
Revenues	13,094,844	13,251,668	12,977,754
Net Loss	(1,126,172)	(1,780,611)	(3,524,024)
Basic and Diluted Loss per share	(0.00)	(0.01)	(0.02)
Working Capital (Deficiency)	(710,307)	(1,667,745)	(2,105,850)
Total Assets	3,770,399	3,717,305	4,190,475
Total Long-Term Financial Liabilities	370,927	146,827	135,631
Retained Earnings (Deficit)	(21,064,208)	(20,014,851)	(18,371,062)
Number of shares outstanding at period end	244,201,799	203,878,579	168,934,960

Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the eight most recently completed fiscal quarters and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for such periods.

	Aug 31, 2018	*May 31, 2018*	*Feb 28, 2018*	*Nov 30, 2017*	*Aug 31, 2017*	*May 31, 2017*	*Feb 28, 2017*	*Nov 30, 2016*
CAD$	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Revenues	*3,361*	*3,508*	*3,245*	*2,981*	*3,214*	*3,119*	*3,644*	*3,275*
Loss for the quarter	*(110)*	*(312)*	*(200)*	*(504)*	*(1,280)*	*(172)*	*(205)*	*(123)*
Loss per share before other items – basic and diluted [(1)]	-	-	-	-	*0.01*	*0.00*	*0.00*	*0.00*
Shares Outstanding	*244,202*	*242,249*	*230,086*	*209,586*	*203,879*	*194,356*	*181,117*	*171,532*

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

Results of Operations – Year Ended August 31, 2018

The Company incurred a net loss of $1,126,172 for the year ended August 31, 2018, compared to a net loss of $1,780,611 for the year ended August 31, 2017. The loss reduced for fiscal 2018 compared to 2017 was due to positive recoveries from exploration, the coal operations posting a profit and a reduction in interest on financing, offset by foreign exchange losses, higher management fees and no movement on the derivative liability which showed a profit in the previous period.

Non-Exploration Expense Summary

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

	Years ended August 31, 2018	2017
Expenses		
Amortization	$ (20,936)	$ (20,982)
Amortization of service contracts	(20,127)	(67,103)
Employee benefits expense	(8,459,303)	(8,373,289)
Exploration and evaluation expenses	-	(319,989)
Foreign exchange gain (loss)	(59,105)	70,862
Management and consulting	(1,016,993)	(863,412)
Office and general	(292,180)	(280,351)
Professional fees	(224,638)	(211,446)
Project investigation costs	(170,090)	(171,198)
Raw material and engineering cost	(3,634,816)	(4,243,789)
Share based payments	(33,750)	(285,384)
Shareholder information	(66,381)	(33,974)
Travel and promotion	(124,980)	(129,921)
Operational expenditures for the period	**$ (14,123,299)**	**$ (14,929,976)**

General amortization relates to the amortization of the fleet of equipment in the coal and diamond operations. The additions to plant and equipment in the diamond operations had not been put to use by the end of fiscal 2018. Amortization will start when these assets are put to use, which is expected to start in January 2019.

The Company has had three thermal coal, metallurgical and processing plant and engineering service contracts since fiscal 2015. The contracts are denominated in South African Rand ("ZAR") and amortized over 5 years. The reduction in the amortization charge for fiscal 2018 compared to fiscal 2017 relates to these contracts being nearly fully amortized.

The increase in the employee benefits expense year on year, is directly aligned to inflationary increases. There were no material changes in employment.

The change in exploration and evaluation expenditures were due to the recoveries made at Oena in the period January to August 2018. The 2018 recoveries were offset against the mineral property in the balance sheet. See the annual financial statements August 31, 2018 note 10.

In fiscal 2017, the Company reported a foreign exchange gain compared to a loss in fiscal 2018. The loss relates mainly to the volatility in the South African Rand. Income is generated in Rand and debts are paid in either CAD, USD and Euro, which will result in a combination of realized and unrealized gains and losses.

Management and consulting fees increased in fiscal 2018 as a result of the CEO compensation being inclusive for a full year of service in 2018 as opposed to only two months for fiscal 2017.

General overheads, such as office and general, shareholder information and travel and promotion remained consistent with the prior year.

Professional fees are in line with the previous year and involves contracting specialist skills as and when required.

Project investigation costs are consistent with fiscal 2017 and is in line with the ongoing strategy for identifying opportunities in the coal and diamonds sectors in Africa.

The reduction in raw materials and engineering cost in fiscal 2018 relates to better performance on the coal processing.

The share-based payment expense relates to the granting of stock options. 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. No options were issued in fiscal 2018 so the expense for fiscal 2018 relates to the vesting schedule of options issued in the prior year.

Liquidity

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

As at August 31, 2018, the Company had a working capital deficiency of $710,307, compared to a working capital deficiency of $1,667,745 as at the year ended August 31, 2017. The biggest contributors to the reduction in the working capital deficiency relates to the repayment and conversion of convertible debts and conversion of debts due to related parties.

As at August 31, 2018, the Company had total assets of $3,770,399 (August 31, 2017 - $3,717,305) including cash of $671,055 (August 31, 2017 - $641,527). The movement in cash was due to meeting the continuous operational expenses for its properties, management fees and other corporate expenses offset by private placements and promissory notes issued.

The total liabilities of the Company as of August 31, 2018 were $3,852,275 (August 31, 2017 - $4,590,270)

and consisted of accounts payable and accrued liabilities of $1,677,507 (August 31, 2017 - $2,142,808), promissory notes payable of $240,408 (August 31, 2017 - $nil), convertible notes of $621,657 (August 31, 2017 – $751,598), derivative liability of $nil (August 31, 2017 – $2,503), vehicle lease of $579 (August 31, 2017 – $14,011), taxes due of $240,619 (August 31, 2017 – $265,377), an amount due to related parties of $663,380 (August 31, 2017 - $1,220,259) and rehabilitation provision of $250,033 (August 31, 2017 – $146,827).

Recent Financings

During the year ended August 31, 2018, the Company issued 17,895,380 common shares at a price of $0.05 per share pursuant to settlement of indebtedness for an aggregate of $894,771 and raised an additional $187,745 by way of a private placement of 3,754,840 common shares at a price of $0.05 per share.

During the year ended August 31, 2018, a payment plan was agreed with the note holders of convertible notes that expired December 2017, to repay the outstanding amount in installments, with the last payment occurring on June 2019. For a comprehensive analysis of these convertible notes, please refer to note 14 in the annual financial statements.

During the year ended August 31, 2018, the Company issued a promissory note for $240,408 (US$185,000) with no fixed term of repayment.

During November 2017, African Star entered into an agreement whereby in exchange for funding to the amount of $191,042 African Star agreed to pay to TML Equipment Solutions (Pty) Ltd ("TML") the equivalent of 10.6% of the 40% attributable to African Star from all net proceeds on diamond sales recovered from processing tailings from the Oena Mine. Pursuant to the terms of the agreement, African Star will receive 40% of gross diamond sales recovered from processing tailings, less a marketing fee and less the statutory government royalty. Should no diamonds be recovered from processing tailings, no repayment obligation will exist. The agreement is linked to the tailing's reserves. The financial obligation is amortised over five-years.

Requirement of Additional Equity Financing

The Company has relied largely 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 the 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.

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.

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:

		August 31, 2018		August 31, 2017
Management fees (included in Management and consulting and Employee benefits expense)	$	1,101,428	$	811,862
Consulting fees (included in Management and consulting)		36,000		36,000
Office rental included in office and general		43,250		62,271
Relates party supplies included in raw materials and engineering cost		696,297		798,318
Share based payments	$	33,750	$	285,384
Total	$	**1,910,725**	**$**	**1,993,835**

As at August 31, 2018, $663,380 (August 31, 2017 - $1,220,259) is owed to the CEO, CFO and certain directors and officers of the Company. Amounts owing are non-interest bearing, unsecured and due on demand.

Foreign Currency Transactions

The functional currency of Tango is the Canadian Dollar (“CAD”), the subsidiaries incorporated in South Africa are the South African Rand (“ZAR”), 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 United States of America is the United States Dollar (“USD”). 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.

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, 2018 the Company had current assets of $2,771,041 (August 31, 2017 - $2,775,698) to settle current liabilities of $3,481,348 (August 31, 2017 - $4,443,443) resulting in working capital deficit of $710,307 (August 31, 2017 - $1,667,745). The Company intends to fund these through loans, private placements and profits generated form its operations. 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 coal operations' income and expenditure are incurred in South African Rands. Diamonds from the South African operations are tendered in United States Dollars and settled in South African Rands at the average rate on the day that the tender closes. The main debt instruments of the group is denominated in Canadian and United States Dollars. The group does not enter into forward cover. As a result, unrealized foreign exchange gains and losses will arise from financial instruments that are unsettled at reporting date and realized foreign exchange gains and losses will arise from the derecognition of financial instruments at the prevailing rate.

The Company has net financial liabilities of approximately $370,000 that are denominated in US dollars and net financial assets of approximately $333,302 that are denominated in South African Rands. A 10% strengthening of the US dollar would affect net income by approximately $37,000 and a 10% strengthening of the South African Rands would affect net loss by approximately $33,000.

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 244,201,799 common shares are issued and outstanding as of the date hereof.

During the year August 31, 2018, 3,754,840 common shares were issued at price of $0.05 per share pursuant to a private placement for $187,745. Pursuant to the terms management agreements, management fees were paid by the issuance of 8,463,000 common shares at a price of $0.05 per share, for a total of $302,715. Pursuant to a shares for debt settlement with insiders as well as non-insiders 17,895,380 common shares were issued at a price of $0.05 per share, in respect of debt amounting to $894,771.

A convertible note for US$400,000 (C$510,000) converted to 10,210,000 common shares of the Company at a price of $0.05 per share and the issuance of 10,210,000 share purchase warrants entitling the holder to purchase 10,210,000 common shares at a price of $0.10 per share on or before March 22, 2020.

Share movements for the year August 31, 2017 were as follows:

On September 15, 2016, 2,596,800 common shares were issued in connection with the conversion of a convertible note for $242,213 (US$100,000) in August 2016.

On April 11, 2017, the Company issued and placed in escrow a total of 3,245,160 common shares as security for the buyer's interest in ASM, to be held while the mining licence was being renewed. Upon renewal, the Escrowed Shares were to be cancelled and returned to treasury. In the event that the mining licence is not renewed, the escrowed shares were to be released to the buyer (Note 10).

On April 11, 2017, the Company issued 4,500,000 common shares by way of a private placement at a price of $0.05 per share for proceeds of $225,000. In connection with the private placement, the Company issued 316,228 warrants as finders' fees (Note 19).

During the year ended August 31, 2017, the Company entered into agreements with management to issue common shares as compensation for management and consulting fees in the period. As at August 31, 2017, 65,100 common shares were included as equity to be issued.

During the year ended August 31, 2017, certain convertible notes were converted into 9,773,384 common shares (Note 14). The carrying value of the related convertible notes, derivative liability and equity components on conversion was $488,636.

During the year ended August 31, 2017, the Company settled accounts payable in the amount of $732,297 through the issuance of 14,648,275 common shares valued at $681,754, resulting in a gain on settlement of debt of $50,543. Included in the settlement were 6,185,300 common shares issued for the offtake agreement linked to the Oena property valued at $309,265 (Note 10).

The following incentive stock options and share purchase warrants are outstanding as of the date hereof:

Exercise Price	No. of Options Outstanding and Exercisable	Weighted Average Remaining Life (Years)	Expiry date
$ 0.05	3,150,000	0.48	February 21, 2019
$ 0.05	1,050,000	1.16	October 27, 2019
$ 0.05	900,000	2.87	July 15, 2021
$ 0.05	4,500,000	3.45	February 10, 2022
$ 0.05	450,000	3.59	April 3, 2022
$ 0.05	**10,050,000**		

The continuity of the Company's outstanding warrants is as follows:

	August 31, 2018			August 31, 2017		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding, beginning of year	$	0.09	9,709,444	$	0.09	5,068,000
Issued		0.10	10,210,000		0.10	4,641,444
Expired		0.06	(1,697,644)		-	-
Outstanding, end of the year	**$**	**0.10**	**18,221,800**	**$**	**0.09**	**9,709,444**

	August 31, 2018			August 31, 2017		
		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price	Number of Warrants
Outstanding, beginning of year	$	0.09	9,709,444	$	0.09	5,068,000
Issued		0.10	10,210,000		0.10	4,641,444
Expired		0.06	(1,697,644)		-	-
Outstanding, end of the year	**$**	**0.10**	**18,221,800**	**$**	**0.09**	**9,709,444**

There are no assurances that the options, warrants or other rights described above will be exercised in whole or in part. Except as disclosed above, there are no other 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 year ended August 31, 2018 and year ended August 31, 2017:

		August 31, 2018		August 31, 2017
Project staff salaries, benefits and consulting	$	112,306	$	41,306
Settlement of the offtake agreement		-		309,265
Royalty payment		-		186,434
Habilitation expense		98,704		-
Travel expenses		43,596		36,093
Supplies expense		1,432,170		1,579,171
Recoveries		(1,773,971)		(1,832,280)
Exploration and evaluation expenditures (recoveries)		(87,195)		319,989
Net recovery credited to carrying value of Oena Property		87,195		-
Balance, end of the year	$	-	$	319,989

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. Overall, the Company does not expect the implementation of IFRS 9 to have a significant impact on its financial assets and liabilities.

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. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

Amendments to IFRS 2 – 'Share-based payments'

This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The Company is in the process of determining the impact of the adoption of this standard on the consolidated financial statements, if any. Effective for annual periods beginning on or after January 1, 2018. Overall, the Company does not expect the implementation of the amendments to IFRS 2 to have any material impact on its share-based payment expenses.

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. Overall, the Company does not expect the implementation of IFRS 16 to have any material impact on its consolidated statement of financial position.

IFRIC 22, 'Foreign currency transactions and advance consideration.
This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The Company has considered the change and assessed that it will have no material impact on adoption. Effective for annual periods beginning on or after January 1, 2018.

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.

Subsequent Events

On September 4, 2018, the Company issued 651,000 shares as consideration of management fees.

On September 10, 2018, the Company announced that it had signed an acquisition agreement to acquire an 80% unencumbered interest in the Mano River Project from West Mining Ltd. The Mano River Project consists of one recently granted 104.3 square km diamond mineral exploration license located in the western part of Republic of Liberia. This area is well known for the wide spread occurrence of alluvial diamonds and the known presence of kimberlites.

On September 11, 2018, the Company announced that it had signed a Services Agreement for Mining and Marketing of Diamonds with Cooperativa Mineira Do Moquita, SCRL ("Moquita") on a 147 square km portion of a concession located 50 km north of Lucapa within the Lauchimo River basin, Province of Lunda Norte, Republic of Angola.

Tango will be responsible for capital expenditures associated with alluvial diamond mine design and equipment acquisition as well as enhancing production. As remuneration, Tango will receive 60% of the proceeds from the sale of produced diamonds.

On September 12, 2018, the Company announced that CC Mining Limited ("CCML") had provided to Tango two US dollar term loan facilities for an aggregate of US$500,000, (collectively the "Loans") to be solely used to fund both the capital and operating costs required for the mining of diamonds in Angola on the Moquita Project. Tango is responsible for alluvial mine design and equipment acquisition, as well as enhancement of production. As remuneration, Tango will receive 60% of the net proceeds from the sale of diamonds, after deduction of Tango's costs. The budget for "Phase 1" work is US$500,000.

Tango has entered into a Phase 1 Corporate Loan Agreement whereby CCML will provide a US dollar term loan facility for up to US$250,000 (the "Corporate Loan Agreement") bearing interest at the rate of 15% per annum, payable monthly. Tango has also entered into a Phase 1 Equity Loan Agreement whereby CCML will provide a US dollar term loan facility for up to US$250,000 (the "Equity Loan Agreement"), pursuant to which 50% of the proceeds received from the sale of diamonds recovered from the Moquita Project will be paid to CCML in lieu of interest. As security for the Loans, the Company agreed to a bank account charge over a project specific bank account and a security assignment over the Project, both in favor of CCML.

The Company also agreed to form a joint venture with CCML, in the event that CCML exercises its right to participate in the Phase 2 development plan of the Moquita Project, which would include an expansion and increase in production. If the joint venture is created, CCML will provide a loan facility to the joint venture to carry out the Phase 2 capital and development requirements.

On October 18, 2018, the Company announced that Metswedi Mining (Pty) Ltd. ("Metswedi") had received the first renewal for Prospecting License No. 101/2015 (430 km^2) and No. 058/2015 (2.3 km^2) which make up the Middlepits Project. The Middlepits Project was renewed for a period of two years commencing on 1 October 2018 and ending on 30 September 2020.

On April 11, 2017, the Company issued and placed in escrow a total of 3,245,160 common shares (the "Escrow Shares") as security for a buyer's interest in African Star, to be held while the Oena New Order Mining Lease was being renewed. During the year ended August 31, 2018, the Department of Minerals and Resources confirmed renewal of the Oena New Order Mining Lease for nine years up to March 15, 2027. Accordingly, the Escrow Shares have now been returned to treasury and the Escrow Agreement is null and void.

On October 26, 2018, 13,895,380 common shares issued to four parties, including a director, in settlement of debt were cancelled and returned to treasury, with all parties agreeing to forgive their respective debts totaling $694,769.

Additional Information

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