**Tango Gold Mines Incorporated**
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**Vancouver, British Columbia**
**V6M 4E1, Canada**
**TSX Venture: TGV**

# *Management's Discussion and Analysis*

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of the operations of Tango Gold Mines Incorporated (the "**Company**" or "**Tango Gold**"), formerly known as F.D.G. Mining Inc., constitutes management's review of the factors that affected the Company's financial and operating performance for the nine month period ended May 31, 2013 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the nine month period ended May 31, 2013 and 2012 and the Company's audited consolidated financial statements and related notes for the fiscal years ended August 31, 2012 and 2011 prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures are in Canadian dollars unless otherwise stated. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to Tango Gold's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. Additional information relevant to Tango Gold's activities, including Tango Gold's press releases can be found on SEDAR at www.sedar.com.

## Date

This MD&A is dated as of July 29, 2013.

## Disclaimer

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 Gold 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 Gold 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 Gold. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of Tango Gold should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this document are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.

**Overall Performance**

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties in the Republic of Nicaragua, Central America.

Currently, the Company has the right to acquire, subject to a 3% net smelter return royalty, a 100% undivided interest in the Topacio Concession (the "**Topacio Concession**"), a 9,300 hectare (ha) gold exploration project located in the South Atlantic Autonomous Region of the Republic of Nicaragua, Central America with a National Instrument 43-101 (NI 43-101) Inferred Mineral resource of 2,716,176 tonnes (t) averaging 3.9 grams/tonne (g/t) gold estimated to contain 340,345 ounces gold.

Pursuant to the terms of a definitive option agreement dated April 30, 2010 (the "**IMISA Agreement**") with Inversiones Mineras, S.A. ("**IMISA**"), the Company has the exclusive right and option to acquire the Topacio Concession by paying the purchase price of US$3,000,000 at any time on or before April 30, 2016 (the "**Option Period**") and additional US$60,000 semi-annual payments commencing on October 30, 2009 and every nine months thereafter until April 30, 2013 then rising to US $90,000 until the purchase price is paid.

On October 9, 2012, the TSX Venture Exchange ("**TSX-V**") accepted for filing a modification agreement (the "**Modification Agreement**") to extend the IMISA Agreement to acquire the Topacio Concession dated July 31, 2012. Pursuant to the Modification Agreement, the Company has received a three year extension of the Option Period within which to purchase, subject to a 3% net smelter returns royalty, a 100% interest in the Topacio Concession pursuant to the terms of the original IMISA Agreement

Under the terms of the Modification Agreement, the Company has a three-year extension to the IMISA Agreement in consideration for increasing its semi-annual option payments from US$60,000 to US$90,000, effective May 1, 2013, and issuing 420,000 common shares of the Company to IMISA. The final option payment of US$3,000,000 is now due on or before April 30, 2016.

On January 15, 2013, the Company announced that it had acquired 100% of the strategic San Pedro concession (3,500 ha) in the La Libertad mining camp, eastern Nicaragua. The San Pedro concession adjoins the Company's 100% owned El Santo concession which is to the west and adjoins B2Gold's La Libertad mine property to the north. The San Pedro/La Libertad claim boundary is 900 meters (m) south of B2Gold's Jabili mine development. The Company acquired San Pedro by taking over Exploraciones Mineras de Nicaragua, S. A. ("Exminicsa"), a Nicaraguan company controlled by Leslie Earl Coe Hodgson ("Coe"). Coe will receive 1,500,000 shares of the Company and will retain a 2% NSR on the properties subject to TSX-V approval. Included in Exminicsa and now owned 100% by the Company are three other properties in the north central area of Nicaragua including the La Troncha concession (825 ha), the La Ochoa concession (500 ha) and the Cerro Kum concession (350 ha).

Structural interpretation by the Company indicate that the main structure that controls the ore bodies at La Libertad is offset by another structure onto the San Pedro concession. Initial prospecting and mapping on the San Pedro concession has returned more than 20 gold bearing float and chip samples with values up to 28 g/t gold. The Company is planning a soil geochemical survey, prospecting and geological mapping program on San Pedro, followed by trenching and drilling, if warranted.

La Troncha and La Ochoa, cover volcanogenic massive sulphide (VMS) showings in Paleozoic rocks. These showings were discovered in the 1980's and a nine-hole drill program in the 1990's returned 0.5 m of 7% zinc in one drill hole and 0.5 m of 1 g/t gold in another. This drilling conclusively proved the VMS model. The Cerro Kum concession covers an epithermal gold system that has returned multiple gold mineralized samples.

With the addition of the Exminicsa properties the Company now has an excellent pipeline of projects in addition to the Company's flagship Topacio Concession.

As of May 31, 2013, the Company had incurred a total of $3,496,803 (August 31, 2012 - $2,659,384) in exploration and evaluation expenditures on the Topacio Concession.

*Recent Developments*

On March 22, 2013, the Company completed a non-brokered private placement where the Company sold a total of 30,550,000 units ("Units") at a price of $0.10 per Unit for gross proceeds of $3,055,000 (the "Financing"). Each Unit consisted of one common share (a "**Share**") and one transferable share purchase warrant (a "**Warrant**") to purchase an additional Share at a price of $0.12 for a period of 24 months, subject to acceleration by the Company upon 30 days notice if closing price of the Company's shares on the TSX-V equals or exceeds $0.25 for 20 consecutive trading days at any time after 4 months from closing. A finder's fees of 8% cash and 8% finder's warrants was payable in connection with the Financing, each finder's warrant entitling the holder to purchase one Share of the Company at a price of $0.12 for a period of 24 months after closing, subject to acceleration on the same terms as the Warrants.

On October 31, 2012, the Company completed a non-brokered private placement of 531 units ("**Units**") at a price of $1,000 per Unit for gross proceeds of $531,000. Promissory notes in the aggregate principal amount of $531,000 (the "**Notes**") and a total of 890,060 common shares of the Company at a deemed price of $0.105 per share were issued as a bonus in connection with the private placement. The Notes are for a term of one year maturing October 31, 2013 and bear interest at the rate of 12% per annum, with the first year's full interest of $120 per Note payable up front upon closing. The Notes are also secured, on a pro rata basis, by a general security agreement over all present and after-acquired personal property of the Company. A cash finder's fee of $6,000 (10%) was paid on a portion of the gross proceeds raised under the private placement. Subsequent to the quarter ended May 31, 2013, the Company settled $361,000 of the outstanding promissory notes by issuing an aggregate of 2,776,9213 common shares at a deemed price of $0.13 per share, as more particularly described under "Subsequent Events" herein.

*Current Operations*

An independently calculated Inferred Mineral Resource of 2,716,176 t grading 3.97 g/t gold containing 340,345 ounces gold has been calculated by NEW ERA Engineering Corporation dated November 9, 2012. This resource is all within 150 m of surface. This NI 43-101 resource has been filed with the TSX-V and on SEDAR. The Inferred Mineral Resource was calculated using a 1.5 g/t gold cut-off and a minimum 2.0 m mining width for the underground portion of the resource. Ninety-three drill holes and 154 trenches were used for the resource estimate. The resource is estimated for parts of the Mico, Little Betsy, Lone Star, Dispute, Dos Amigos, Topacio and Brazil Veins. Approximately 75% of the surface expression of these veins and 18 other auriferous veins on the Topacio Concession has received insufficient work to quantify further resources. At this time there are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral resource.

Reconnaissance mapping and sampling of the Topacio veins has extended the known strike of the Topacio vein to 3.4 kilometres (km). An historic drift and mill site, probably from the 1900 to 1917 period of production on the property, was discovered at the northeastern known extent of the Topacio vein. This site is two km east northeast from the Inferred Mineral Resources previously reported on the property. Approximately two km southeast of the known resources in the Topacio vein, in the Rebecca area, nine previously unknown auriferous quartz veins have been discovered. This brings the total of known veins on the concession to 24. Values up to 22 g/t gold across three m have been returned from chip sampling of the newly discovered veins in the Rebecca area. These veins strike northwest, roughly at right angles to the trend of the Topacio vein swarm. A new area of the northwest striking veins has recently been discovered further to the north of the original vein set discovery. An additional 14 new veins have been discovered. The northwest vein set is now indicted to overlap the traditionally known northeast trending vein set. The junction of these northwest trending veins and the east-northeast trending Topacio vein contain some quartz breccia bodies.

The Company began a trenching program in late October 2012 and results were reported on May 31, 2013. The eight trenches reported in the table below have outlined a 700 m long zone of gold mineralization that averages 29 m wide (approximately true width). Seventeen trenches were completed on the Mico Vein, which is one of twenty-five known gold/silver rich low sulphidation epithermal veins on the Property.

| **Trench** | **Length m** | **Au g/t** |
|---|---|---|
| FT 221 | 57.0 | 4.00 |
| Including | 11.0 | 6.86 |
| FT 222 | 50.7 | 4.65 |
| Including | 8.0 | 21.2 |
| FT 223 | 8.6 | 1.54 |
| FT 224 | 32.0 | 0.98 |
| FT 225 | 39.7 | 2.42 |
| Including | 4.0 | 9.80 |

| Trench | Length m | Au g/t |
|---|---|---|
| FT 233 | 32.1 | 3.07 |
| FT 234 | 12.5 | 4.94 |
| FT 236 | 2.5 | 5.62 |

Trenching targeted primarily the Mico Vein but trenches were also completed on Lone Star, Majestad and the Topacio East Extension Veins. The Mico, Dos Amigos and Lone Star veins were the focus of historic mining and approximately 60,000 ounces of Au (estimated and not verified) were mined from portions of these veins from underground workings as well as from open pits. A total of 1337 m of trenching, varying from 45 m up to 98 m in length, were completed and a total of 1488 samples were collected. A standard QA/QC program including duplicate samples, insertion of blanks and sample standards was employed. Samples were prepared by Inspectorate Labs in Managua, Nicaragua and analyzed for Au and silver by fire assay/AA by Acme Labs in Vancouver, British Columbia, Canada.

Trench spacing on the east-northeast trending Mico vein was at approximately 50 m to 100 m intervals along the with two trenches on the east portion of the Lone Star and May Flower vein near their intersection. A complete summary of results are provided in the news release for the twenty-three trenches.

On April 4, 2013, the Company engaged JDS Energy and Mining Inc. (JDS) Vancouver, Canada (www.jdsmining.ca) to complete an evaluation, development and execution plan for the Company's 100% owned Topacio Concession. JDS continue to work with the Company to complete an evaluation, development and execution plan that will include preliminary capital and operating cost estimates. This work also includes compilation and verification of an extensive property database that was not previously compiled, will update the metallurgical test work, update the resource model to be used for preliminary mine design and planning, site development, social and environmental permitting and the site visits by the JDS engineering and environmental team has been completed.

A small reconnaissance program was completed on the El Santo Property and in total 31 samples were collected for analysis.

*Outlook*

Additional information on the Topacio Concession can be obtained from the Topacio Report, a copy of which may be accessed on the SEDAR website at www.sedar.com.

There is no known body of ore of commercial grade or tonnage on the Topacio Concession. If the Company’s exploration programs are successful, additional funds will be required for the development of an economic ore body and to place it in commercial production. There are no assurances that the Company will continue to be successful in raising additional funds or that other forms of equity capital or debt financing will be available to the Company in the future on satisfactory terms or at all. Any additional equity financing may be on terms that are dilutive, or potentially dilute, to the Company’s shareholders and debt financing, if available, may involve restrictive covenants with respect to the Company’s ability to pay dividends, raise additional capital or execute various other financial and operational plans.

## Summary of Quarterly Results

The following table sets forth selected financial information for the Company for the eight most recently completed fiscal quarters for which Company prepared quarterly financial statements and should be read in conjunction with the Company’s unaudited interim financial statements and related notes for such periods. The Company was not a reporting Company during any of these quarters.

The following information has been prepared in accordance with IFRS and is expressed in Canadian dollars.

| | *May 31, 2013* | *Feb. 28, 2013* | *Nov. 30, 2012* | *Aug. 31, 2012* | *May 31, 2012* | *Feb. 29, 2012* | *Nov. 30, 2011* | *Aug. 31, 2011* |
|---|---|---|---|---|---|---|---|---|
| ***Revenues*** | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* |
| ***Loss Before other items*** | *(609,067)* | *(267,137)* | *(817,380)* | *(538,383)* | *(1,304,994)* | *(763,857)* | *(927,595)* | *(591,152)* |
| ***Loss per share before other items – basic and diluted [(1)]*** | *(0.01)* | *(0.02)* | *(0.02)* | *(0.01)* | *(0.03)* | *(0.02)* | *(0.02)* | *(0.01)* |
| ***Shares Outstanding*** | *76,143,735* | *45,593,735* | *45,593,735* | *44,283,675* | *44,283,675* | *44,034,778* | *43,996,971* | *43,996,971* |

## Results of Operations

The Company has not generated any revenue since its inception from its planned operations and has, to date, incurred net losses resulting primarily from the write-down of deferred exploration and acquisition costs associated with its interest in the Exminicsa Properties and general and administrative expenses.

*Nine Months ended May 31, 2013 and 2012*

The Company incurred a net loss of $1,681,640 for the nine month period ended May 31, 2013, compared to a net loss of $3,068,710 for the nine month period ended May 31, 2012. Net loss remained declined between the periods as the Company reduced operations in the exploration of its Topacio property between the two periods.

Professional fees for the nine month period ended May 31, 2013 were $172,447, compared to $141,607 for the same period in 2012.

During the nine month period ended May 31, 2013, management and consulting expenses decreased by $209,408 to $272,759, compared to $482,167 in the same period in 2012. The decrease in consulting is due to termination payments to the former President and CEO, Mit Tilkov, incurred during the nine months ended May 31, 2012 in the amount of $144,000.

During the nine month period ended May 31, 2013, travel and promotion expenses were consistent at $83,846, compared to $83,253 during the same period in 2012.

During the nine month period ended May 31, 2013, exploration and evaluation expenses decreased by $826,624 to $575,109, compared to $1,401,733 during the same period in 2012. The decrease is due to the Company's lack of adequate funding and the focus on raising additional funds resulting in a decrease in exploration in order to preserve cash. Following the closing of the private placement in March 2013, the Company is now in a better position to carry out additional exploration work.

Share based payments expense for the nine-month period ended May 31, 2013 was $228,118, compared to $433,000 in the same period during 2012. The expense is due to options issued to officers and directors of the Company and vesting of options issued during 2012 compared to 2013. The Company uses the Black-Scholes valuation model.

During the nine month period ended May 31, 2013, the Company incurred a one-time cost in association with the issuance of promissory notes of $125,083, by the issuance of bonus shares totaling 890,060 common shares valued at $115,708.

During the nine month period ended May 31, 2013, office and general expenses decreased by $137,289 to $184,359, compared to $321,648 during fiscal 2012. The decrease in office and general expenses is mainly due to lower levels of activity in Nicaragua during fiscal 2013.

During the nine month period ended May 31, 2013, shareholder information increased by $23,261 to $51,384, compared to $28,123 in the same period during fiscal 2012. The increase is due to higher costs incurred during the current period as the Company makes efforts increase its awareness in the marketplace.

Three Months ended May 31, 2013

The Company incurred a net loss of $609,067 for the three months ended May 31, 2013, compared to a net loss of $1,304,994 for the three months ended May 31, 2012. Net loss declined between the periods as the Company reduced operations in the exploration of its Topacio property between the two periods.

Professional fees for the three months ended May 31, 2013 were $47,365, compared to $12,243 for the same period in 2012. The increase during fiscal 2013 is the result of transitioning the company from prior management and reorganizing operations and administration functions.

During the three months ended May 31, 2013, management and consulting expenses decreased by nearly 50% to $54,318, compared to $107,352 in the same period in 2012 as a result of termination payments to the former President and CEO, Mit Tilkov, incurred during fiscal 2012.

During the three months ended May 31, 2013, travel and promotion expenses increased by $34,042 to $52,601, compared to $18,559 during the same period in 2012 as a result of new management and directors travelling to the company's property in NIcaragua.

During the three months ended May 31, 2013, exploration and evaluation expenses decreased by $588,334 to $225,539, compared to $813,873 during the same period in 2012. The decrease is due to the Company's lack of adequate funding and the focus on raising additional funds resulting in a decrease in exploration in order to preserve cash.

Share based payments expense for the three-months ended May 31, 2013 was $182,718, compared to $138,000 in the same period during 2012.

During the three months ended May 31, 2013, office and general expenses decreased significantly by $94,265 to $12,754, compared to $107,019 during fiscal 2012, which decrease is mainly due to lower levels of activity in Nicaragua during fiscal 2013.

During the three months ended May 31, 2013, shareholder information increased moderately by $2,941 to $11,043, compared to $8,102 in the same period during fiscal 2012.

***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**

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of common shares and special warrants and short-term interest bearing loans from related and other parties to carry on its business.

As of May 31, 2013, the Company had working capital of $1,249,123, compared to a working capital deficiency of $222,448 as at the year ended August 31, 2012.

As at May 31, 2013, the Company had total assets of $2,146,041 (August 31, 2012 - $214,799) including cash and cash equivalents of $1,979,498 (August 31, 2012 - $139,332). The increase in cash was the result of $456,000 raised through the issuance of promissory notes and funds raised on the private placement completed March 22, 2013 in the amount of $3,055,000. The Company paid cash issue costs of $279,142 in finder's fees and legal fees and issued 2,120,420 finders warrants in connection with the private placement.

The total liabilities of the Company as of May 31, 2013 were $857,967 (August 31, 2012 - $390,168) and consisted of accounts payable and accrued liabilities of $178,622 (August 31, 2012 - $222,526), promissory notes payable of $531,000 (2012 - $75,000), and an amount due to related parties of $148,345 (August 31, 2012 - $92,642).

*Requirement of Additional Equity Financing*

The Company has relied entirely on equity financings and short-term interest bearing loans for all funds raised to date for its operations. The Company will need more funds to secure the acquisition of the Topacio Concession and to fund the exploration and development thereof. Until the Company starts generating profitable operations from exploration, development and sale of minerals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions pursuant to private placements, the exercise of warrants and stock options, and short term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. This may be further complicated by the limited liquidity for the Company's shares, restricting access to some institutional investors. The Company’s growth and success is dependent on external sources of financing which may not be available on acceptable terms or at all.

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

Related party transactions are as follows:

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

| | May 31, 2013 | May 31, 2012 |
|---|---|---|
| Management fees | $ 58,150 | $ 270,000 |
| Consulting fees | 184,745 | 109,000 |
| Rent | - | 6,000 |
| | $ 242,895 | $ 385,000 |

Due to related parties at May 31, 2013 of $148,345 (August 31, 2012 - $92,642) are payable to Robert Suda, Vice President of Exploration, andTibor Gajdics, the former VP of corporate development, Andres Tinajero former chief financial officer and David Dunn the former chief executive officer. These amounts are unsecured, non-interest bearing and are payable on demand.

As part of the promissory note private placement closed subsequent to year-end on October 31, 2012, Andres Tinajero, the Company’s former CFO, Tibor Gajdics, the former VP of Corporate Development, and Ian Mann, a director loaned the Company $20,000, $25,000 and $50,000 respectively. Both Mr. Gajdics and Mr. Mann agreed to accept common shares in settlement of their promissory notes at a deemed price of $0.13 per share as more particularly described under “Subsequent Events” herein.

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.

**Financial and Other Instruments**

The Company’s financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and amounts due to related parties approximate carrying value because of the short term nature of these instruments.

*Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company is primarily exposed to credit risk on its bank accounts. Credit risk exposure is limited through maintaining cash with high-credit quality financial institutions.

*Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company’s holdings of cash. The Company is currently reviewing financing alternatives to fund its short and long-term cash requirements.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the periods in the financial statements appearing elsewhere in this Prospectus is interest income on Canadian dollar cash. As at May 31, 2013, the Company is not exposed to any significant interest rate risk.

*Currency Risk*

Cash held in foreign currencies other than the Canadian dollar is subject to currency risk. The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

*Political / Social Risk*

Since the acquisition of the concession, illegal small miners have been active within the Topacio Concession. They have been mining by hand gold-bearing rock material from various veins within the concession and extracting the gold by use of small diesel-powered rotating mills known as “rastras” to grind the ore, then using liquid mercury metal to capture the gold by the amalgamation process. This process contaminates the streams and soil with mercury, a known toxic metal. Nine rastras are presently working within the concession.

**Disclosure of Outstanding Security Data**

The authorized capital of the Company consists of an unlimited number of common shares without par value, of which there were 76,243,735 common shares issued and outstanding as of July 29, 2013.

The following table summarizes the current outstanding incentive stock options and share purchase warrants to acquire or purchase common shares of the Company:

| Stock Options | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| | 350,000 | $0.10 | November 6, 2017 |
| | 1,001,000 | $0.10 | July 19, 2017 |
| | 500,000 | $0.25 | May 12, 2016 |
| | 199,000 | $0.25 | January 23, 2017 |
| | 500,000 | $0.10 | May 1, 2017 |
| | 3,775,000 | $0.13 | April 3, 2018 |
| | | | |
| **Total Stock Options** | **6,325,000** | | |

| Share Purchase Warrants | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| | 32,175,420 | $0.12 | March 21, 2015 |
| **Total Warrants** | **32,175,420** | | |

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.

**Additional Disclosure for Venture Issuers Without Significant Revenue**

The following is a breakdown of the exploration and evaluation expenditures for the nine month periods ended May 31, 2013 and 2012 and cumulative to date on the Company's properties:

| | Nine month period ended | | |
|---|---|---|---|
| | **May 31, 2013** | May 31, 2012 | Cumulative to date |
| | **$** | $ | $ |
| Topacio Concession | **575,109** | 1,401,733 | 3,496,803 |
| **Exploration and evaluation expenditures** | **$ 575,109** | $ 1,401,733 | $ 3,496,803 |

**Subsequent Events**

The Company entered into debt settlement agreements with thirteen parties whereby those parties agreed to accept an aggregate of 3,208,453 common shares at a deemed price of $0.13 per share to settle total indebtedness of $417,099. Of the debt owing, $361,000 related to outstanding promissory notes and $56,099 related to accounts payable with three creditors. The Company received TSX-V approval of the shares for debt settlement on July 25, 2013 and the debt settlement shares were issued as of July 26, 2013, which shares are subject to a four month hold period expiring on November 27, 2013.

***Risks and Uncertainties***

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and while following completion of the IPO the Company anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The degree of risk increases substantially where property interests are in the exploration, as opposed to, the development stage and are located in a foreign jurisdiction. All of the Company's property interests are located in Nicaragua and are in the exploration or pre-exploration stage and without a known body of commercial ore. In addition, the Company's mineral resource properties have not been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. The Company may also become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the Prospectus which can be assessed on the SEDAR website at **www.sedar.com**.

***Additional Information***

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