

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 April 30, 2018 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the six months ended February 28, 2018, as well as the audited financial statements for the year ended August 31, 2017.

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 \$703,918 (2017 - \$327,396) for the six months ended February 28, 2018, and a net loss of \$200,256 (2017 - \$204,692) for the three months ended February 28, 2018.

The major contributors to the variance over the 6 months period relates to an increase in project investigation costs and lower profitability from the coal operation during fiscal 2018.

Non-Exploration Expense Summary

	Three months ended February 28,		Six months ended February 28,	
	2018	2017	2018	2017
Revenues	\$ 3,245,204	\$ 3,644,164	\$ 6,225,843	\$ 6,919,022
Operating expenses				
Amortization	(5,311)	(7,175)	(10,201)	(14,181)
Amortization of service contracts	(5,155)	(16,690)	(9,847)	(32,867)
Employee benefits expense	(2,202,369)	(2,307,781)	(4,045,717)	(4,429,759)
Exploration and evaluation expenses (Note 11)	1,334	(5,406)	(43,032)	(37,097)
Foreign exchange (loss)/gain	198,892	102,217	169,904	204,356
Management and consulting (Note 17)	(289,964)	(227,471)	(563,367)	(397,344)
Office and general	(95,396)	(127,840)	(160,490)	(236,009)
Professional fees	(71,031)	(28,925)	(126,314)	(77,071)
Project investigation costs	(102,081)	(52,575)	(202,890)	(100,336)
Raw material and engineering cost	(841,740)	(883,509)	(1,721,861)	(1,929,414)
Share based payments (Note 19)	(36,928)	(152,649)	(73,443)	(161,495)
Shareholder information	(28,135)	(15,406)	(45,576)	(17,475)
Travel and promotion	(37,546)	(49,786)	(73,146)	(68,272)
	<u>(3,515,430)</u>	<u>(3,772,996)</u>	<u>(6,905,980)</u>	<u>(7,296,964)</u>

A summary of the material non-exploration activity variances during six and three months ended February 28, 2018 compared to the six and three months ended February 28, 2017 are as follows:

- Amortization of equipment decreased with the reduction in book value of equipment for both the six and three months period.
- Amortization of service contracts decreased for both the six and three months periods as a result of the impairment booked during the year ended August 31, 2017.
- Employee benefits decreased due to Springlake still employing people until February 28, 2017 and reduced marginally for the three months February 28, 2018 due to cost saving initiatives.
- Exploration and evaluation expenditures increased marginally; however, reported a net income due to good diamond recoveries on the Oena project comparing the three months periods February 28, 2018.
- The gain on foreign exchange reduced marginally mostly due to the South Africana Rand losing some of its strengthening run against the other currencies from December 2017; however, showed a good gain for the three months ended February 28, 2018 due to South African business confidence reaching a low point in mid-2017.

- Management and consulting was higher as it takes into account the higher staff compliment to the executive management team.
- General overheads such as office and general, shareholder information and travel and promotion increased as a result of a general increase in overall activity in the group.
- Professional fees as a result of increased activity in exploration and project investigation costs. The Company chooses to contract in specialized skills when required, as opposed to full time employment.
- Project investigation costs increased as a result of the projects engaged in, and under review, in Angola and Botswana.
- The reduction in raw materials and engineering cost is consistent with the reduction in turnover from coal processing due to lower tonnages processed that, in turn, is linked to the closure of Springlake in Q2 2017.
- The share based payments expense for the three and six months ended February 28, 2018 takes into account the accounting expense linked to vesting based on previous issuances. No new share options were issued during either the three and six month periods ended February 28, 2018.

Exploration and Evaluation Expenditures

The following is a breakdown of the exploration and evaluation expenditures for the Oena Project for the three and six months ended February 28, 2018 and 2017:

	Three Months ended February 28		Six Months ended February 28	
	2018	2017	2018	2017
Exploration expenditures:				
Project staff salaries, benefits and consulting	\$ (21,794)	\$ (6,610)	(35,308)	\$ (14,757)
Travel expenses	(19,059)	(38,484)	(27,373)	(53,119)
Supplies Expense	(124,676)	(263,720)	(147,215)	(272,629)
Recoveries	166,864	303,408	166,864	303,408
Exploration and evaluation expenditures	\$ 1,335	\$ (5,406)	(43,032)	\$ (37,097)

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.

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 February 28, 2018, the Company had current assets of \$3,366,688 (August 31, 2017 - \$2,775,698) to settle current liabilities of \$3,846,674 (2017 - \$4,443,443) resulting in working capital deficit of \$1,076,753 (2017 - \$1,667,745). 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.

Recent Activity

On September 11, 2017, the Company announced that it had signed a three-year renewable Services Agreement for Mining and Marketing of Diamonds with Txapemba Canguba R.L (“**Txapemba**”) which is a Cooperativa Exploração Semi-Industrial de Diamantes located in the Municipality of Cambulo, Province of Lunda Norte, Republic of Angola. Txapemba was granted an 84 square kilometer (“**km**”) concession for the semi-industrial exploitation of diamonds within the Luembe River basin in an area that was a past alluvial diamond producer and well known for both alluvial and kimberlite diamonds.

Tango will be responsible for capital expenditures associated with alluvial mine design and equipment acquisition and will be the sole operator. As remuneration, Tango will receive 60% of the proceeds from the sale of produced stones. All of Tango’s operational costs are deductible.

During October 2017, the Company entered into a Contract Mining and Diamond Recovery Agreement with Bluedust 7 Proprietary Limited (“**Bluedust**”) at Oena Diamond Mine (“**Oena**”). The agreement consists of two parts, one being for the processing of virgin material and the other for the processing of existing mine and bantam tailings. The agreement made provision for a two-month test period up to end of December 2017 which was extended to April 30, 2018. Bluedust has mobilized and commissioned mining and processing equipment, including a Bouvestnik X-ray sorter, to Oena.

The Company issued a C\$510,500 (US\$400,000) one-year unsecured convertible note (the “**Unsecured Note**”) bearing interest at a rate of 3% per annum. The Company had the option on or before the maturity date to convert, at its sole discretion, all or a portion of the Unsecured Note into units of Tango, with each unit consisting of one common share at a price of C\$0.05 per share and one share purchase warrant, exercisable for two years, to purchase one additional share at C\$0.10 per share. Subsequent to the six months ended February 28, 2018, the holder of the Unsecured Note converted the note into 10,210,000 units at a price of \$0.05 per share, with each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share, exercisable on or before March 22, 2020.

On December 21, 2017, the Company announced that it will acquire an 75% unencumbered interest in an alluvial diamond property in Botswana called the Middlepits Project (the “**Botswana Property**”) from Metswedi Mining (Pty) Ltd. Tango will be responsible for all further exploration and development expenditures on the Botswana Property upon closing (the “**Closing**”). The Botswana Property is located 470 km south west of Gaborone and 90 km south west of Tshabong in the Kgalagadi District, Botswana. The Botswana Property consists of one Prospecting License and was explored between 1974 and 1976 by De Beers, between 1978 and 1980 by Falconbridge and between 1993 and 1997 by Southern Africa Minerals Corporation.

Related to the projects in Angola, the Company announced on February 7, 2018 that it had partnered with CC Mining Limited (“**CCML**”), a wholly owned subsidiary of CC Energy Limited, which is a member of the Consolidated Contractors Company group, with regard to diamond projects in Angola.

Tango and CCML have signed a term sheet committing up to USD\$1,300,000 investment that Tango will use toward the development of its Txapemba Project, Angola, subject to certain conditions precedent.

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 February 28,		Six months ended February 28,	
	2018	2017	2018	2017
Management fees	\$ 820,964	\$ 218,471	\$ 545,367	\$ 379,344
Consulting fees	9,000	9,000	18,000	18,000
Office rental	12,060	11,336	24,119	22,671
Related party supplies	167,147	157,118	334,293	314,235
Share based payments	36,928	152,649	73,443	161,495
Total	\$ 505,099	\$ 548,574	\$ 995,222	\$ 913,745

*Included in the Management and consulting fees in the income statement

As at February 28, 2018, \$499,817 (August 31, 2017 - \$1,220,259) is owed to the CFO, CEO and certain directors of the Company. Amounts owing are non-interest bearing, unsecured and due on demand.

Subsequent Events

Subsequent to the six months ended February 28, 2018, the holder of the Unsecured Note converted the note into 10,210,000 units at a price of \$0.05 per share, with each unit consisting of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share, exercisable on or before March 22, 2020.

The Company received a loan in the sum of US\$135,000, which loan is secured by a promissory note.

African Star Minerals (Pty) Ltd received confirmation from the Department of Mineral Resources, Republic of South Africa, that the mining right for the Oena Diamond Mine, has been renewed for a further period of nine years.

On April 16, 2018, Tango terminated the Services Agreement for Mining and Marketing of Diamonds with Txapemba Canguba R.L (“Txapemba”), a Cooperativa Exploração Semi-Industrial de Diamantes, Republic of Angola. The termination was mutually agreed by both Tango and Txapemba. The termination is due to the limitation and failure to increase the maximum hourly production capacity of the license terms and conditions which make it unviable as a long term commercial project for Tango.