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, 2017 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended August 31, 2017, 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 extensive disclosure of the history and properties of the Company are available on SEDAR and may be accessed at www.sedar.com.

Date

This MD&A is dated as of December 20, 2017.

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 South African subsidiaries, holds three metallurgical and mining contracts that currently process at a rate of approximately 6.5 million tonnes ("Mt") of coal per annum, with client Exxaro. The three projects are located within the Ogies and Highveld coalfields, Mpumalanga Province and Kliprivier coalfield, KwaZulu-Natal Province, South Africa. The Company also holds an interest in the Oena Diamond Mine ("Oena" or the "Oena Mine"), an alluvial diamond property, located in the Northern Cape Province, South Africa, consists of one New Order Mining Lease and is 8,800 hectares ("ha") in size and covers a 4.8 kilometre ("km") wide strip along a 15 km length of the Orange River. The New Order Mining Lease is held by Tango`s subsidiary, African Star Minerals (Pty) Limited ("African Star") and is currently under application for renewal. Tango also has a three-year renewable Risk Services Agreement for mining of diamonds with Txapemba Canguba R.L, which was granted an 84 square km concession ("Txapemba Project") within the Luembe River basin, Angola. The Company is in the business of acquiring, exploring and developing mineral properties.

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 the year ended August 31, 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, South Africa. The three contracts for services are with Exxaro, 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 over 250 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 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 November 2016, the Company appointed African Mineral Recovery Solutions CC ("AMRS") as contractor to recommence bulk sampling at Oena. During this period, the Company mined and sold 1,141 carats at an average price of United States Dollar ("USD") $1,070 per carat. The total carats recovered from Oena since acquisition is 1,332 carats that were sold with an average value of USD $1,099 per carat. In July 2017 the Company and AMRS by mutual agreement, terminated the AMRS contracting agreement.

In July 2017, the Company acquired the outstanding 10% diamond royalty offtake on Oena.

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 will develop Oena 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. The Oena Agreement is subject to due diligence by Bluedust which must be completed by December 31, 2017. During this period Bluedust will conduct a site investigation to determine mineability and diamond bearing potential of the gravels at Oena. This has included trial mining using BVX and other equipment.

The Company's Kwena Group operational team, and in particular Mr. Theodor Boshoff, was appointed as the CEO of African Star on December 1, 2017 and will continue as Tango`s representative during the bulk-sampling program. African Star will receive from the proceeds of all diamond sales a minimum of 25% of revenue of diamonds recovered from fresh gravel processed and a minimum of 40% of revenue of diamonds recovered from the pan and bantam tailings.

Angola – Diamonds – Txapemba Project

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 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.

The Txapemba Project is located near the community of N'zagi (Andrada) and 95 km southeast of Dundo, the provincial capital of Lunda Norte, which has a recently reopened domestic airport with direct service to Luanda. Angola, which ranks as the world's fifth biggest producer of diamonds by value, has been actively encouraging foreign investment in its diamond sector under a new Mining Code introduced in 2011, which no longer includes the requirement for Angola to hold a majority interest in diamond mining projects.

Angola's potential for world class diamond discoveries is recognised by global diamond mining leaders Alrosa and De Beers. Alrosa is the operator of the world's fourth biggest diamond mine Catoca, which is located 220 km southwest of the Txapemba Project and within the same geological setting (the Lucapa Graben). Angola is an official signatory of the Kimberley Process Certification Scheme and occupied the position of Chair of the Kimberley Process in 2015.

Corporate

In July 2017, the Company appointed Mr. Samer Khalaf, who was appointed as non-executive director in April 2017, as Chief Executive Officer ("CEO"). Mr. Khalaf has over 25 years of investment banking experience in the Middle East, Africa and Europe and has held senior positions at various institutions including Nomura Securities, Gazprombank and PrimeCorp Finance SA. His most recent position was as Director for Africa & Middle East at GPB Global Resources. Mr. Khalaf holds an economics degree from Syracuse University and an MBA in finance from Columbia Business School and has completed the executive program for energy at Harvard Business School.

During the financial year 2017 the Company, in partnership with GZA Group, formed a South African subsidiary, TML Equipment Solutions (Pty) Ltd ("TML"), that will own and lease processing equipment to be used for alluvial diamond recovery.

During the financial year of 2017 the Company issued twenty-seven million shares as part of shares for debt conversion and raised an additional $225,000 in a private placement issuance of 4,500,000 common shares at a price of $0.05 per share.

At the year ending August 31, 2017, the Company had approximately $641,527 (August 31, 2016: $970,048) in cash in its treasury.

There are continued business development plans in place to grow the Company using the successful past 19-year business model, an established market presence and a proven successful operational reputation in coal, base and precious metals and precious stones in the African mining sector.

Selected Annual Information

The following is a summary of the results of the financial operations of the Company for the year ended August 31, 2017, and for the years ended August 31, 2016 and August 31, 2015.

	Year ended August 31, 2017	**Year ended August 31, 2016**	**Year ended August 31, 2015**
Revenues	13,251,668	12,977,754	13,827,983
Net Loss	(1,780,611)	(3,524,024)	(3,216,760)
Basic and Diluted Loss per share	(0.01)	(0.02)	(0.02)
Working Capital (Deficiency)	(1,667,745)	(2,105,850)	(866,656)
Total Assets	3,717,305	4,190,475	5,401,282
Total Long-Term Financial Liabilities	146,827	135,631	398,405
Retained Earnings (Deficit)	(20,014,851)	(18,371,062)	(14,742,946)
Number of shares outstanding at period end	203,878,579	168,934,960	153,426,710

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 condensed consolidated financial statements and related notes for such periods.

	Aug 31, 2017	***May 31, 2017***	***Feb 28, 2017***	***Nov 30, 2016***	***Aug 31, 2016***	***May 31, 2016***	***Feb 28, 2016***	***Nov 30, 2015***
CAD$	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Revenues	*3,214*	*3,119*	*3,644*	*3,275*	*3,293*	*2,970*	*3,234*	*3,481*
Loss for the quarter	*(1,280)*	*(172)*	*(205)*	*(123)*	*(2,035)*	*(2)*	*(1,298)*	*(189)*
Loss per share before other items – basic and diluted [1]	*0.01*	*0.00*	*0.00*	*0.00*	*0.01*	*0.00*	*0.01*	*0.00*
Shares Outstanding	*203,879*	*194,356*	*181,117*	*171,532*	*168,935*	*140,916*	*153,426*	*153,426*

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

Results of Operations – Year Ended August 31, 2017

The Company incurred a net loss of $1,780,611 for the year ended August 31, 2017, compared to a net loss of $3,524,024 for the year ended August 31, 2016. The loss reduced for fiscal 2017 since there were reductions to impairments required in 2017 compared to 2016. A reduction in finance charges, due to conversion of interest bearing debt, and a reversal of the derivative liability also contributed to the reduction of the loss. Operationally the Company performed very similar to the previous period.

Non-Exploration Expense Summary

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

	Years ended August 31, 2017	2016
Expenses		
Amortization	(20,982)	(31,242)
Amortization of service contracts	(67,103)	(77,154)
Employee benefits expense	(8,373,289)	(7,290,028)
Exploration and evaluation expenses	(319,989)	(221,635)
Foreign exchange gain (loss)	70,862	(92,599)
Habitation expense	-	(57,450)
Management and consulting	(863,412)	(686,071)
Office and general	(280,351)	(420,969)
Professional fees	(211,446)	(242,828)
Project investigation costs	(171,198)	(509,997)
Raw material and engineering cost	(4,243,789)	(4,491,614)
Share based payments	(285,384)	(43,840)
Shareholder information	(33,974)	(38,321)
Travel and promotion	(129,921)	(109,014)
Operational expenditures for the period	**$ (14,929,976)**	**$ (14,312,762)**

General amortization relates to the amortization of the fleet of equipment in the coal segment. No major additions were done during the year, hence a reduction in amortization.

The Company has three thermal coal, metallurgical and processing plant and engineering service contracts which were acquired in the year ended August 31, 2015. The contracts are denominated in South African Rand ("ZAR") and amortized over 5 years. The reduction of the value relates to the weakening of the ZAR.

The expense related to employee benefits increased from $7,300,000 to $8,400,000 year on year, which is linked to wage increases driven by union negotiations and retrenchment packages linked to the closure of Springlake in February 2017.

Exploration and evaluation expenditures increased marginally with the biggest contributor to the cost related to buying back the diamond offtake right at Oena.

In fiscal 2017 the Company reported a foreign exchange gain compared to a loss in fiscal 2016. The bulk of the balance relates to unrealized gains on foreign denominated debt.

Management and consulting fees increased in fiscal 2017 as a result of increased senior management headcount for the current year.

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

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

Project investigation costs decreased in fiscal 2017 as the prior year includes $509,997 related to the proposed acquisition of the BK11 Mine from Firestone Diamonds Limited. The prior period expenditure includes a USD $350,000 ($445,270) deposit that was impaired together with all other expenditures when the purchase agreement lapsed. Fiscal 2017 includes costs related to various projects under investigation.

The reduction in raw materials and engineering cost in fiscal 2017 is linked to the closure of Springlake in February 2017.

The share based payment expense relates to the Company granting stock options to certain officers to purchase up to an aggregate of 900,000 common shares, which options are exercisable for a term of five years at an exercise price of $0.05 per share. 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.

Liquidity

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

As at August 31, 2017, the Company had a working capital deficiency of $1,667,745 compared to a working capital deficiency of $2,105,850 as at the year ended August 31, 2016. The biggest contributors to the reduction in the working capital deficiency relates to the conversion of the convertible debt, reduction in the derivatively liability, offset by an increase in the amount due to related parties, being unpaid management fees and a reduction in cash.

As at August 31, 2017, the Company had total assets of $3,717,305 (August 31, 2016 - $4,190,475) including cash and cash equivalents of $641,527 (August 31, 2016 - $970,048). The reduction in cash was due to meeting the continuous operational expenses for its properties, management fees and other corporate expenses in Canada.

The total liabilities of the Company as of August 31, 2017 were $4,590,270 (August 31, 2016 - $5,297,252) and consisted of accounts payable and accrued liabilities of $2,142,808 (August 31, 2016 - $2,475,231), promissory notes payable of $nil (August 31, 2016 - $25,000), convertible notes of $751,598 (August 31, 2016 – $1,151,189), derivative liability of $2,503 (August 31, 2016 – $422,669), vehicle lease of $14,011 (August 31, 2016 – $23,697), taxes due of $312,264 (August 31, 2016 – $256,998), an amount due to related parties of $1,220,259 (August 31, 2016 - $806,837) and rehabilitation provision of $146,827 (August 31, 2016 – $135,631).

Recent Financings

During the year ended August 31, 2017, the Company issued twenty-seven million shares as part of shares for debt conversion and raised an additional $225,000 in a private placement issuance of 4,500,000 common shares.

During the year ended August 31, 2016, the Company completed the following financing:

Tango received loans totaling $304,171 pursuant to which the lenders have the option to convert the principal into units of Tango at the discretion of the lenders. Each unit shall consist of one common share at a price of $0.05 per share and one share purchase warrant to purchase one additional common share at a price of $0.10 per share, which warrants shall be for a term of two years. The loans bear interest at the rate of 12% per annum and are due on dates ranging from October 30, 2016 to December 31, 2016. Interest payable under the loans may be settled by the issuance of common shares at a price not below the trading market price at the time the interest is payable. In connection with the loans, Tango has agreed that on conversion, it may issue a maximum of 10,047,060 share purchase warrants for a term of two years at an exercise price of $0.10 per share. Subsequent to the fiscal year ended August 31, 2016, the Company issued 2,596,800 common shares and warrants relating to the above loans.

In respect of the above financing, Tango agreed to pay a finder's fee to Merlin Partners LLP consisting of US$12,000 in finders' fees and the issuance of 313,416 share purchase warrants for a term of two years at an exercise price of $0.05 per share.

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 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.

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:

		Years ended August 31,	
		2017	**2016**
Management fees (included in Management and consulting and Employee benefits expense)	$	811,862	736,424
Consulting fees (included in Management and consulting)		36,000	36,000
Office rental included in office & general		62,271	52,072
Supplies included in raw materials and engineering cost		798,318	621,932
Share based payments		285,384	43,840
Total	**$**	**1,993,835**	**1,490,268**

During the previous financial year ended August 31, 2016, the Company completed a private placement in the form of a convertible note with two directors of the Company for an aggregate of $107,171, being

$15,000 for Terry Tucker and $92,171 for Kevin Gallagher, pursuant to which the lenders have the option to convert the principal into units of Tango at the discretion of the lender. Each unit shall consist of one common share at a price of $0.05 per share and one share purchase warrant to purchase one additional common share at a price of $0.10 per share, which warrants shall be for a term of two years. The loans bear interest at the rate of 12% per annum and are due on December 31, 2016. Interest payable under the loans may be settled by the issuance of common shares at a price not below the trading market price at the time the interest is payable.

As at August 31, 2017, $1,220,259 (August 31, 2016 - $806,637) is owed to the CFO, CEO and certain directors of the Company. Included in this balance is $56,176 (August 31, 2016 - $60,875) owing to companies related to certain directors. Amounts owing are non-interest bearing, unsecured and due on demand.

All transactions with related parties were in the normal course of operations and are recorded at the exchange amount as agreed to by the parties involved.

Foreign Currency Transactions

The functional currency of Tango, the parent, 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 is 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, 2017, the Company had current assets of $2,775,698 (2016 - $3,055,771) to settle current liabilities of $4,443,443 (2016 - $5,161,621) resulting in working capital deficit of $1,667,745 (2016 - $2,105,850). The Company intends to fund these through loans or private placements. All of the Company's financial liabilities have contractual maturities of less than 365 days and are subject to normal trade terms.

Interest Rate Risk

The Company has cash balances and no variable interest-bearing debt. The Company has fixed rates on its debt, changes in interest rates could result in fair value risk on the Company's fixed rate debt.

Foreign Currency Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from their respective functional currency. The parent company and the subsidiaries do not have significant financial instruments that differ from their respective functional currencies. Therefore, the Company has minimal exposure to foreign currency risk.

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 203,878,579 common shares are issued and outstanding as of the date hereof.

During the year ended August 31, 2017, the Company issued the following securities:

- On conversion of debt the Company issued 27,018,459 common shares.

- 4,500,000 common shares pursuant to a private placement for a total of $225,000.

- The Company placed 3,425,160 shares in escrow pursuant to an agreement with Mr. Georges Zard whereby Mr. Zard acquired 23% of African Star from Mr. Kevin Gallagher and paid Tango USD $35,000 for an additional 8%, to be acquired from Tango's 51% upon, renewal of the Oena mining permit. In the event that the mining permit is not renewed Mr. Zard has to the option to return to Tango the 23% acquired from Mr. Gallagher. Tango will keep the USD $35,000 and issue from escrow the 3,425,160 shares.

During the year ended August 31, 2016, the Company issued the following securities:

- On July 3, 2016, the Company cancelled 11,000,000 common shares for no cash consideration, which shares were surrendered in September 2015 by Mr. Moller a past CEO.

- On July 18, 2016, 300,000 common shares were issued upon exercise of incentive stock options for a cash consideration of $26,052.

- On August 19, 2016, the Company issued 14,200,000 common shares, with a fair value of $852,000, to certain shareholders in connection with the acquisition of an additional 23% interest in the Kwena Group from Mr. Kevin Gallagher.

- During August 2016, certain convertible notes were converted into 14,605,050 common shares and 1,298,400 warrants. The carrying value of the related convertible note liabilities, derivative liabilities and equity components on conversion was $1,328,033. At August 31, 2016, the Company had issued 12,008,250 of these common shares which were recorded at a value of $813,993. The remaining 2,596,800 common shares and warrants were issued on September 15, 2016 and at August 31, 2016 have been recorded as units to be issued with a value of $514,040.

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

Stock Options	Number	Exercise Price	Expiry Date
	2,800,000	$ 0.13	April 3, 2018
	3,150,000	$ 0.05	February 21, 2019
	1,050,000	$ 0.05	October 27, 2019
	900,000	$ 0.05	July 15, 2021
	4,500,000	$ 0.05	February 9, 2022
	450,000	$ 0.05	April 3, 2022
Total Stock Options	**12,850,000**		

Share Purchase Warrants	Number	Exercise Price	Expiry Date
	4,000,000	$ 0.10	March 2, 2020
	1,068,000	$ 0.05	July 20, 2018
	316,228	$0.05 – $0.07	April 11, 2018
	313,416	$0.10	July 20, 2018
	2,596,800	$0.10	August 24, 2018
	1,415,000	$0.10	March 2, 2019
Total Warrants	**9,709,444**		

There are no assurances that the options, warrants or other rights described above will be exercised or issued in whole or in part. Except as disclosed above, there are no options, warrants or other rights to acquire common shares of the Company outstanding.

Exploration and evaluation expenditures

The following is a breakdown of the exploration and evaluation expenditures for the year ended August 31, 2017 and cumulative to date on the Company's properties:

The evaluation and exploration expenses for the Company are broken down as follows:

		Oena Mine
Exploration expenditures:		
Project staff salaries, benefits and consulting	$	41,306
Settlement of the offtake agreement		309,265
Royalty payment		186,434
Travel expenses		36,093
Supplies Expense		1,579,171
Recoveries		(1,832,280)
Exploration and evaluation expenditures	$	319,989

During the year ended August 31, 2016:

		Oena Mine
Exploration expenditures:		
Project staff salaries, benefits and consulting	$	169,959
Rehabilitation work		51,200
Travel expenses		4,364
Supplies Expense		160,968
Recoveries		(164,856)
Exploration and evaluation expenditures	$	221,635

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.

Amendment to IAS 12 – Income taxes
The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. 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, 2017.

Amendment to IAS 7 – Cash flow statements

In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. 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, 2017.

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.

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.

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.

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.

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.

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.

None of the other new standards, interpretations and amendments, which have not been adopted early, are expected to have a material effect on the Company's future consolidated financial statements.

Subsequent Events

Subsequent to year end, the Company issued 3,754,840 common shares for a total consideration of $187,742 by way of private placements and issued a $510,500 (USD $400,000) one year unsecured convertible note bearing interest at a rate of 3% per annum.

TSX Venture Exchange approval was obtained for management compensation related to the Chief Executive Officer and Executive Chairman to be paid in total, $9,450 in cash and $32,500 in common shares per month. A total of 3,255,000 common shares have been issued subsequent to year end.

The Company recommenced production at its Oena Mine located in the Northern Cape, South Africa through a Contract Mining and Diamond Recovery Agreement with Bluedust 7 Proprietary Limited.

Subsequent to the year ended August 31, 2017, the Company also issued an aggregate of 17,895,380 common shares at a price of $0.05 per share to settle indebtedness totaling $894,769

The Company 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. 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.

Pursuant to the news release of April 18, 2017, Mr Georges Zard of the GZA Group retains his option to, upon renewal of the mining permit in African Star Minerals (Pty) Ltd, to either receive from Tango an additional 8% in African Star Minerals (Pty) Ltd, or for 930,755 of the 3,245,160 common shares placed in escrow be released to himself.

Additional Information

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