



# MISTANGO RIVER

R E S O U R C E S

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**September 30, 2013**

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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*This management discussion and analysis ("MD&A") has been prepared based on information available to Mistango River Resources Inc. ("Mistango" or the "Company") as at November 7, 2013. This MD&A should be read in conjunction with the Company's unaudited interim financial statements and the related notes for the three and nine month periods ended September 30, 2013 and 2012 and the audited financial statements and the related notes for the years ended December 31, 2012 and 2011. The accompanying financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")**

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

### **CAUTIONARY NOTE**

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***Risks and Uncertainties***.

### **Overview**

Mistango is a Canadian-based junior mining and exploration company incorporated under the Canada Business Corporations Act which currently holds a portfolio of exploration stage projects in Ontario and Quebec which Mistango continues to evaluate. Recent developments include the following:

- In September 2013, the Company completed a royalty purchase agreement (the "Agreement") with Premier, an arm's length third party, to sell Mistango's 2% net smelter return royalty (the "Royalty") on Kirkland Lake Gold Inc.'s ("Kirkland") HM Property, located in Kirkland Lake, Ontario. Under the terms of the Agreement, Mistango sold the Royalty to Premier in consideration of a cash payment of \$1,250,000 and 100,000 (received with a fair value of \$81,000) common shares of Premier. Total consideration for the Royalty was valued at \$1,331,000.

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- On July 10, 2013, the Company filed a National Instrument 43-101 resource estimate on the 100% owned Omega Project. In the potential open pit area the inferred+indicated resource tonnes have been increased by 117% and contained ounces of gold by 34%. The global inferred+indicated resource tonnes have been increased by 92% and the global contained gold ounces by 24%. The Inferred Mineral Resource estimate, at cut-offs of 0.5 g/t Au for mineralization above an elevation of 130 m above sea level (masl), representing open-pit potential and for a cut-off of 3 g/t Au below 130 masl, representing underground potential is set out in the table below. Note that 130 masl approximately corresponds to 170 m vertical depth in areas proximal to main mineralization zones:

Cut-off grade	Classification	Tonnes (Mt)	Au (g/t)	Contained (Oz)
0.5 g/t above 130 masl	Indicated	4.92	1.39	219,438
3 g/t below 130 masl	Indicated	0.003	3.19	370
			<b>Total Indicated</b>	219,808
0.5 g/t above 130 masl	Inferred	3.35	1.8	190,900
3 g/t below 130 masl	Inferred	1.34	4.0	174,500
			<b>Total Inferred</b>	365,400

Note: A constant bulk density of 2.8 t/m<sup>3</sup> has been used.

- On May 22, 2013, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-13-110: 1.72 g/t Au over 19m (including 1m of 10.75 g/t gold)
  - OM-13-112: 1.46 g/t Au over 15m (including 1m of 3.68 g/t gold and 1m 3.4 g/t gold)
- On March 21, 2013, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-13-107: 3.459 g/t Au over 32m (including 2m of 17.225 g/t gold)
  - OM-13-109: 1.763 g/t Au over 57m (including 19m of 2.656 g/t gold and 5m 3.522 g/t gold)
- On December 20, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-99: 3.579 g/t Au over 7m (including 2m of 5.470 g/t gold)
  - OM-12-104: 2.105 g/t Au over 4.9m (including 1m of 6.320 g/t gold)
- On October 29, 2012, the Company filed a National Instrument 43-101 resource estimate on the 100% owned Omega Project. The Inferred Mineral Resource estimate, at cut-offs of 0.5 g/t Au for mineralization above an elevation of 130 m above sea level (masl), representing open-pit potential and for a cut-off of 3 g/t Au below 130 masl, representing underground potential is set out in the table below. Note that 130 masl approximately corresponds to 170 m vertical depth in areas proximal to main mineralization zones:

Cut-off grade	Tonnes	Au (g/t)	Contained (Oz)
0.5 g/t above 130 masl	3,800,000	2.50	306,100
3 g/t below 130 masl	1,200,000	4.33	166,000
Total	5,000,000	2.93	472,100

Note: A constant bulk density of 2.89 t/m<sup>3</sup> has been used.

- On September 20, 2012, the Company signed a Memorandum of Understanding (MOU) with United Commodity AG (UC) of Thun of Switzerland regarding reprocessing of the tailings from the former Omega mine situated on the Company's property located in Larder lake Ontario.
- On August 22, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-92: 2.419 g/t Au over 19.5m
  - OM-12-93: 1.494 g/t Au over 55m

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- On August 7, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - **OM-12-80**: 1.113 g/t Au over 15m and 16m of 0.959 g/t Au and 17m of 1.248 g/t Au
  - **OM-12-81**: 1.259 g/t Au over 10m and 12m of 3.808 g/t Au
  - **OM-12-84**: 1.060 g/t Au over 28m and 10m of 2.408 g/t Au
  - **OM-12-88**: 0.810 g/t Au over 44 m
- On June 8, 2012, the Company completed a private placement totaling 8,000,000 flow-through units at \$0.25 each for an aggregate amount of \$2,000,000 and 2,500,000 units at \$0.20 each for an aggregate amount of \$500,000 for total proceeds for \$2,500,000. Each flow-through unit is comprised of one "flow-through" common share and one half of one common share purchase warrant. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.35 for a period of 24 months.
- On April 30, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - **OM-12-72**: 1.177 g/t gold over 59 metres (including 34 metres of 1.834 g/t gold)
  - **OM-12-76**: 0.946 g/t gold over 94 metres (including 18 metres of 1.360 g/t gold)
- On March 2, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - **OM-12-67**: 1.787 g/t gold over 16 metres (including 2 metres of 5.84 g/t gold)
  - **OM-12-69**: 2.687 g/t gold over 12 metres (including 8 metres of 3.706 g/t gold)
  - **OM-12-70**: 0.997 g/t gold over 54 metres (including 10 metres of 2.421 g/t gold: Open Pit)
- On January 23, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - **OM-11-63** 2.66 g/t gold over 24 metres (including 13.44 g/t over 4 metres)
- On January 5, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - **Hole OM-11-53**: 4.889 g/t Au over 7 metres (including 7.730 g/t Au over 4 m)
  - **Hole OM-11-64**: 1.845 g/t Au over 12 metres (including 2.354 g/t Au over 7 m)

### Overall Performance

Over the last four years, the global financial and commodity markets were characterized by extreme volatility as market participants reacted and responded to uncertainty and pessimism over the depressed North American and international economies. These circumstances have had an impact on the Company's operations and, in particular, on the economics of its existing exploration and development projects, its strategy to evaluate and, if attractive, complete potential acquisitions and otherwise its ability to pursue growth opportunities. In the short-term, the Company expects to focus its exploration activities on the Omega Property in Ontario.

The Company will continue to evaluate its strategic options and potential acquisitions and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

### Future plans

- The future performance of the Company is largely tied to the exploration and development of Omega Property in Ontario. The Company has received and reviewed drill and assay results and recently updated its National Instrument 43-101 resource estimate on the Omega property. The Company is now evaluating potential alternatives as its next step in its plan including but not limited to seeking a potential buyer for a



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potential sale of the property, additional exploration likely aimed at increasing the deposit to depth and/or development of the Omega property to a potential Preliminary Economic Assessment ("PEA"). The Company is still evaluating all alternatives and has not made any decision on its next steps. The Company expects to incur only consulting, taxes and care and maintenance costs in the next few quarters on the Omega property.

- Financial markets continued to be volatile in Canada throughout fiscal 2011 through to fiscal 2013, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. However, there appears to be a balancing out in the markets of gold and silver. The Company does not foresee any significant difficulties in raising equity for the purposes of carrying out exploration and development activities on its current properties or acquiring new assets in the near future. See "Risk Factors".

### Selected Annual Financial Information

Expressed in Canadian dollars, except share amounts	September 30, 2013 \$	December 31, 2012 \$	December 31, 2011 \$
Cash	1,448,090	1,113,125	1,036,190
Property, plant and equipment	93,209	109,658	130,898
Total assets	1,668,607	1,400,339	1,885,357
Working capital	1,268,563	704,419	1,232,000
Long-term liabilities	-	-	16,131
Cash from (used in) operations	334,965	(2,883,736)	(3,316,364)
Common shares issued for cash	-	2,552,000	2,900,000
Common shares outstanding*	38,073,481	37,973,481	27,371,481
Operating expenses	(427,695)	3,214,464	3,377,055
Net income (loss)	538,995	(2,811,190)	(1,271,654)
Other comprehensive income (loss)	(45,365)	(3,670)	61,496
Net income (loss) loss per share- basic and diluted *	0.01	(0.08)	(0.07)
Dividends paid	0.00	0.00	0.00

\* Number of shares outstanding is post four for one share consolidation of the Company's issued and outstanding share

### Selected Quarterly Information

	2013 Q3 \$	2013 Q2 \$	2013 Q1 \$	2012 Q4 \$
Revenues	-	-	-	-
Expenses	(1,199,624)	203,645	477,884	741,042
Net income (loss)	1,199,624	(182,745)	(619,742)	(619,742)
Basic and fully diluted income (loss) per share	0.03	(0.00)	(0.01)	(0.02)

	2012 Q3 \$	2012 Q2 \$	2012 Q1 \$	2011 Q4 \$
Revenues	-	-	-	-
Expenses	720,032	679,663	1,073,727	1,327,749
Net loss	(607,432)	(632,563)	(951,453)	(1,465,062)
Basic and fully loss per share	(0.02)	(0.02)	(0.03)	(0.06)

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### Results of Operations

#### Three months ended September 30, 2013 and 2012

For the three month period ended September 30, 2013, the Company posted net income of \$1,199,624 compared to net loss of \$607,432 in the same period in 2012. Net income per share was 3¢ (2012 – loss of 2¢). The current periods net income is mainly a result of a credit in exploration and evaluation expenditures of \$1,331,000 due to the sale of the Company's Royalty on the HM Property. The prior period net loss is mainly a result of exploration and evaluation expenditures.

General office expenses decreased in the three month period ended September 30, 2013 to \$11,200 (2012 - \$16,746), shareholder information expenses decreased in the three month period ended September 30, 2013 to \$4,512 (2012 - \$44,897) and professional fees and consulting decreased in the three month period ended September 30, 2013 to \$27,807 (2012 - \$31,312) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

Salaries, fees and benefits were reduced in the three month period ended September 30, 2013 to \$32,437 (2012 - \$34,878) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties. These fees are expected to be consistent in the coming quarter.

Exploration and evaluation expenditures decreased in the three month period ended September 30, 2013 to a recovery of \$1,281,063 (2012 – expense of \$554,220) as a result of a credit in exploration and evaluation expenditures of \$1,331,000 due to the sale of the Company's Royalty on the HM Property. In the coming quarter, these expenditures are expected to be less than \$100,000 in the coming quarter as the Company has met its flow-through share commitments and management looks at ways to preserve its current working capital.

The Company incurred stock-based compensation during the three month period ended September 30, 2013 of \$(10,000) compared to \$13,000 for the same period in 2012. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued, vesting, cancelled before vesting and the underlying assumptions used in the model.

The Company incurred a flow-through share premium recovery during the three month period ended September 30, 2013 of \$Nil compared to \$110,000 for the same period in 2012. This recovery is a result of flow-through shares that were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers during the prior year and the reversal of this premium resulting from flow-through funds spent.

#### Nine months ended September 30, 2013 and 2012

For the nine month period ended September 30, 2013, the Company posted net income of \$538,995 compared to net loss of \$2,191,448 in the same period in 2012. Net loss per share was 1¢ (2012 – 7¢). The current periods net income is mainly a result of a credit in exploration and evaluation expenditures of \$1,331,000 due to the sale of the Company's Royalty on the HM Property. The prior period net loss is mainly a result of exploration and evaluation expenditures.

General office expenses decreased in the nine month period ended September 30, 2013 to \$27,760 (2012 - \$77,440), shareholder information expenses decreased in the nine month period ended September 30, 2013 to \$49,476 (2012 - \$155,498) and professional fees and consulting decreased in the nine month period ended September 30, 2013 to \$56,110 (2012 - \$79,523) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

Salaries, fees and benefits were reduced in the nine month period ended September 30, 2013 to \$100,181 (2012 - \$129,996) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

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Exploration and evaluation expenditures decreased in the nine month period ended September 30, 2013 to a recovery of \$675,671 (2012 - expense of \$1,916,462) as a result of a credit in exploration and evaluation expenditures of \$1,331,000 due to the sale of the Company's Royalty on the HM Property, offset by management's continued focus to advance its Omega property and meet its flow-through share commitments.

The Company incurred stock-based compensation during the nine month period ended September 30, 2013 of \$(2,000) compared to \$88,000 for the same period in 2012. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued, vesting, cancelled before vesting and the underlying assumptions used in the model.

The Company incurred a flow-through share premium recovery during the nine month period ended September 30, 2013 of \$116,000 compared to \$259,000 for the same period in 2012. This recovery is a result of flow-through shares that were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers during the prior year and the reversal of this premium resulting from flow-through funds spent.

### Capital Resources and Liquidity

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and on the assumption that Mistango will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business as a going concern. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

#### Capital Resources

As at September 30, 2013, the Company had cash and cash equivalents of \$1,448,090 (December 31, 2012 - \$1,113,125), and working capital of \$1,268,563 (December 31, 2012 - \$704,419). The Company will use this working capital and seek additional financing as needed to fund its on-going operations. The Company expects its monthly burn rate on operations for the next few quarters to be under \$50,000. Based on the expected burn rate management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful.

On June 8, 2012, the Company completed a private placement totaling 8,000,000 flow-through units at \$0.25 each for an aggregate amount of \$2,000,000 and 2,500,000 units at \$0.20 each for an aggregate amount of \$500,000 for total proceeds for \$2,500,000. Each flow-through unit is comprised of one "flow-through" common share and one half of one common share purchase warrant. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.35 for a period of 24 months.

#### Liquidity

##### *Future Sources of Funds*

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop Mistango's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by

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the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

There are no other statement of financial position conditions that would adversely affect the Company's liquidity.

### **Commitments and Contingencies**

The Company may become subject to tax audits of the flow-through expenditures renounced to investors; however, the Company believes that all Canadian Exploration Expenditures were effected and renounced in compliance with the prescribed regulations of the *Income Tax Act (Canada)*.

The Company has entered into a one-year lease extension for its current location in Kirkland Lake with a Company owned by the President of the Company.

### **Mineral properties**

The following table summarizes the Company's exploration activity during the nine month periods ended September 30, 2013 and 2012:

	Nine month period ended		Cumulative
	September 30, 2013	September 30, 2012	to date *
Baldwin, Ontario	\$ 1,112	\$ 1,466	\$ 597,332
Casa Berardi, Quebec	82	-	685,643
Goldie, Ontario	-	-	511,825
HM Property, Ontario	(1,331,000)	-	-
Kirkland West, Ontario	1,208	1,209	256,698
Omega Property, Ontario	652,927	1,883,293	5,551,448
Sackville, Ontario	-	35,314	608,831
General and other	-	(4,820)	112,501
<b>Exploration and evaluation expenditures</b>	<b>\$ (675,671)</b>	<b>\$ 1,916,462</b>	<b>\$ 8,324,278</b>

\* Only properties currently under exploration are included in this figure.

### **Baldwin/Omega Property**

Line cutting has now been completed and deep penetrating induced polarity survey (IP) commenced during March 2011. Mistango considers the Omega property to have excellent potential to host an economic gold deposit.

The following is excerpted from a report prepared by Guy Hinse P.Eng. and dated May 7 1986:

"Historic production from the previous owner Omega Gold Mines was 1,584,264 tons with an average grade of 0.158 ounces gold per ton from 1936 to 1947. None of the forgoing is 43-101 compliant and should not be relied on. It is presented as historical information only. The property lies along the Larder Lake "break", a major structure defined by the presence of carbonate rocks. This structure is highly favourable to economic concentrations of gold values.



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Using a cut off grade of 0.10 ounce per ton, a minimum mining width of 4 feet and all assays cut to 1 ounce. Drill indicated reserves were estimated at 269,934 tons of 0.160 oz Au/ton (5.48 g/t Au) mostly above the 300 foot level. This estimate is non 43-101 compliant and is not to be relied upon. Undoubtedly there remains an unknown quantity of low grade material in the wall and peripheries of the mined out ore zones.”

On June 14, 2011, the Company entered into a property option agreement to acquire a 100% interest in six claims in close proximity to the Company's Omega property in Larder Lake, Ontario. To acquire a 100% interest the Company will pay cash of \$150,000 as follows: \$25,000 on signing (paid), \$25,000 on or before June 30, 2012 (paid), \$50,000 on or before June 30, 2013, and \$50,000 on or before June 30, 2014 and issue 300,000 common shares as follows: 50,000 on signing (issued with a fair value of \$8,000), 50,000 on or before June 30, 2012 (issued with a fair value of \$10,000), 100,000 on or before June 30, 2013 (issued with a fair value of \$6,000), and 100,000 on or before June 30, 2014. In addition, the Company is required to carry out \$500,000 in work expenditures on these claims by June 30, 2014. The vendor will retain a 3% Net Smelter Royalty (“NSR”).

During the nine month period ended September 30, 2013, the Company entered into an amendment on the property option agreement. Under the original agreement the Company was to pay \$50,000 on or before June 30, 2013 and additional \$50,000 on or before June 30, 2014. Under the new agreement the Company will pay \$110,000 on or before June 30, 2014.

### ***Kirkland West Property***

The Company is reviewing all its historical work on this property to outline an exploration program to be executed late in 2013.

### ***Sackville Property***

Mistango holds a 100% interest in the Sackville Property with RJK Explorations Ltd. retaining a 1% NSR. Mistango has now received all the geochemistry samples undertaken during 2010. Upon reviewing this data and older data, there appears to be a significant area of high enzyme leach geochemistry results in an area of low magnetics. This is an area yet to be tested by any drilling and has been tested only partially by geophysics. The property could potentially be the host of the high grade gold/silver/zinc boulders discovered previously. In 2010, Mistango completed a 43-101 report on the property which can be reviewed on [www.sedar.ca](http://www.sedar.ca) or the company's website at [www.mistangoriverresources.com](http://www.mistangoriverresources.com).

### ***General***

The Company has no exploration or evaluation work planned for its other exploration properties during 2013. Timing of receipt of proceeds from the sale of assets and/or participation in a flow-through share arrangement will affect timing of exploration and development of each of Baldwin/Omega and Sackville properties during 2013.

### ***Dividend Record***

There are no restrictions that prevent the Company from paying dividends. The Company has not paid any dividends on its common shares during the last 5 fiscal years. The Company currently has no intention of paying any dividends on its Class A common shares. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

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### Critical Accounting Estimates

The preparation of the financial statements are in conformity with IFRS and require management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

#### Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

#### Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the operates are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

#### Related Party Transactions and Key Management

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management during the nine month periods ended September 30, 2013 and 2012 included:

	<b>September 30, 2013</b>	September 30, 2012
<b>Balances:</b>		
Short-term employee benefits	<b>\$ 252,000</b>	\$ 215,000
Total compensation paid to key management	<b>\$ 252,000</b>	\$ 215,000

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Mistango. All transactions were conducted in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties and are as follows:

During the nine month period ended September 30, 2013, the Company was charged \$17,000 (2012 - \$17,000) for administrative costs are comprised of rent paid to a company controlled by the President of the Company (See Note 15 - Commitments and Contractual Obligations).

Trade and other payables at September 30, 2013 includes \$Nil (December 31, 2012 - \$11,000) owing to officers, directors and companies controlled by officers and directors.

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Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

### Additional Disclosure for Venture Companies without Significant Revenue

	Nine Month Period Ended September 30, 2013	Year Ended December 31, 2012
<b>Exploration and evaluation expenditures in the period/year</b>		
Government fees	\$ 3,663	\$ 6,182
Acquisition/staking	-	39,000
Sale of interest in property	(1,331,000)	-
Prospecting	6,033	18,533
Drilling	425,992	1,885,923
Assays, surveys, maps	75,206	280,081
Travel	11,207	38,126
Equipment rental	7,212	52,131
Project administration	108,191	139,913
Other	17,825	23,831
	\$ (675,671)	\$ 2,483,720

### Outstanding Share Data

Mistango's share capital consists of an unlimited number of Class A voting common shares and an unlimited number of non-voting, redeemable Class B Preferred Shares, Series A. This series of shares is redeemable by Mistango, in whole or in part, at the rate of \$1,000 per Series A share. The holders of Series A shares are not entitled to receive dividends. There were no Class B, Series A Preferred Shares issued as at the date of this MDA.

As at November 7, 2013	Outstanding
Class A common shares issued	38,073,481
Shares issuable pursuant to:	
Warrants	6,166,666
Stock options	2,235,000
<b>Fully diluted</b>	<b>46,475,147</b>

### Risks and Uncertainties

#### Operational

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is considered to be in the exploration stage and has not yet recorded any revenues from its on-going operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future.

The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultant's analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

Changes in the market price of precious and base metals will significantly impact the ability of the Company to finance its operations and, indirectly, its share price. The Company's financial results will be very sensitive to external economic factors related to metal prices. A major risk will arise if there is a prolonged period of lower metal prices. Many factors beyond the Company's control influence the market price of the metals the Company seeks on its mineral properties. These factors include: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other gold-producing countries.

The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production. Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. The Company will be responsible for all costs of closure and reclamation at the Goldfields Mine. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations. The mining industry is intensely competitive and the Corporation must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the

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acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

### **Financing risk**

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms.

### **Political Risk**

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

### **Acquisition**

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

### **Segregation of duties**

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

### **Competition**

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

### **Reliance on Management**

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Financial Instruments

#### *Fair value hierarchy*

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

*Level 1* - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

*Level 2* - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

#### *Fair value*

The Company's financial instruments as at September 30, 2013 include cash and cash equivalents, marketable securities, trade and other receivables, investments, trade and other payables, and long-term debt. The Company has designated its cash and cash equivalents and marketable securities as FVTPL, which are measured at fair value. Cash and cash equivalents and marketable securities are determined based on transaction values and are categorized as Level 1 measurement. The Company has designated its investments as available-for-sale, which are measured at fair value and is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Interest-rate risk*

The Company has cash and cash equivalents balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and short-term guaranteed investment certificates, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at September 30, 2013, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to September 30, 2013. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at September 30, 2013 is the carrying value of cash and cash equivalents and trade and other receivables.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2013, the Company had current assets of \$1,550,300 (December 31, 2012 - \$1,215,518) to settle current liabilities of \$281,737 (December 31, 2012 - \$511,099). The ability of the Company to continue to pursue its exploration activities and continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities (other than long-term debt) have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2013, the Company had working capital of \$1,268,563 (December 31, 2012 - \$704,419).

### *Price risk*

The Company holds common shares of companies traded on the Toronto stock exchange Venture ("TSXV"). The Company has classified some of these investments as FVTPL and others as available-for-sale and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions

## **Internal Control over Financial Reporting**

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Company's President and Chief Executive Officer and Chief Financial Officer have ensured the design of internal control over financial reporting.

During the most recent year, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Other Information**

This MD&A of the financial position and results of operation as at September 30, 2013, should be read in conjunction with the unaudited interim financial statements and related notes for the three and nine month period September 30, 2013 and 2012 and the audited financial statements and related notes for the years ended December 31, 2012 and 2011. Additional information will be accessible at the Company's website [www.mistangoriverresources.ca](http://www.mistangoriverresources.ca) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

## **Management's Responsibility**

Management is responsible for all information contained in this MD&A. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited interim financial statements with management. The Board of Directors has approved these unaudited interim financial statements on the recommendation of the Audit Committee.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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External auditors, appointed by the shareholders, have not audited or reviewed the unaudited interim financial statements for the three and nine month periods ended September 30, 2013 and 2012 and did not performed the tests deemed necessary to enable them to express an opinion on these unaudited interim financial statements.

"Robert J. Kasner"  
\_\_\_\_\_  
President and Chief Executive Officer

November 7, 2013