MISTANGO RIVER RESOURCES INC.
P. O. Box 546, 4 Al Wende Avenue Kirkland Lake, Ontario P2N 3J5

MANAGEMENT INFORMATION CIRCULAR

AS AT JUNE 1, 2017

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MISTANGO RIVER RESOURCES INC. (the "**Company**") of proxies to be used at the annual meeting of shareholders of the Company (the "**Meeting**") to be held at 4 Al Wende Avenue, Kirkland Lake, Ontario, P2N 3J5 on June 29, 2017 at 10:00 a.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the "**Notice of Meeting**")**.** Proxies will be solicited primarily by mail and may also be solicited personally or by telephone by the directors and/or officers of the Company at nominal cost. The cost of solicitation by management will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Management Information Circular.

The Company may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Meeting Materials to the beneficial owners of such shares. The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy represent management of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM, HER, OR IT AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with the Company's transfer agent and registrar, TSX Trust Company (Attention: Proxy Department), 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, facsimile: (416) 595-9593, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for the Meeting or any adjournment thereof, or delivering it to the Chairman of the Meeting on the day of the Meeting or any adjournment or adjournments thereof prior to the time of voting. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof and thereupon the proxy is revoked.

A shareholder attending the Meeting has the right to vote in person and, if he, she, or it does so, his, her, or its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

Only registered holders of class A voting common shares of the Company (each a "**Common Share**" or collectively, the "**Common Shares**") as at the close of business on May 29, 2017 or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "**Non-Registered Holder**") are registered either: (i) in the name of a nominee such as an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of such Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company will have distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to certain Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the form of proxy otherwise contained in proxy-related materials, a request for voting instructions (the "**voting instructions form**") which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own.

Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder. In any event, Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, AS STATED ELSEWHERE IN THIS MANAGEMENT INFORMATION CIRCULAR. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS OR HER JUDGMENT MAY DETERMINE.** At the time of printing of this Management Information Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of this Management Information Circular, 38,073,484 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote in respect of each matter to be voted upon at the Meeting.

The record date for the purpose of determining the shareholders entitled to receive the Notice of Meeting has been fixed as May 29, 2017 (the "**Record Date**"). In accordance with the provisions of the

Canada Business Corporations Act (the "**CBCA**"), the Company will prepare a list of shareholders as at the close of business on the Record Date. Each holder of Common Shares named in the list will be entitled to vote, on all resolutions put forth at the Meeting for which such shareholder is entitled to vote, the Common Shares shown opposite his or her name on the said list. The failure of a shareholder to receive the Notice of Meeting does not deprive him or her of the right to vote at the Meeting.

As at the date of this Management Information Circular, to the knowledge of the directors and executive officers of the Company, and based on the Company's review of the records maintained by TSX Trust Company, electronic filings with the System for Electronic Document Analysis and Retrieval (SEDAR) and insider reports filed with System for Electronic Disclosure by Insiders (SEDI), the only persons or companies beneficially owning, or controlling or directing, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of the voting securities of the Company are:

Name of Shareholder	Number of Securities Owned or Controlled or Directed, Directly or Indirectly	Percentage of the Class of Outstanding Securities so Owned, Controlled or Directed
Osisko Gold Royalties Ltd.	11,850,000 Common Shares	31.1%

BUSINESS TO BE CONSIDERED AT THE MEETING

Audited Financial Statements

The Company's audited financial statements for the financial years ended December 31, 2016 and 2015 and the report of the auditors thereon will be submitted to the shareholders at the Meeting. Receipt at the Meeting of the Company's financial statements and the auditors' reports for the financial years ended December 31, 2016 and 2015 will not constitute approval or disapproval of any matters referred to therein.

Appointment of Auditors

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF PALMER REED, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Palmer Reed, Chartered Accountants, were first appointed as auditors of the Company effective July 19, 2011.

In order to become effective, the resolution appointing the auditors of the Company must be approved by at least a majority of the votes cast by shareholders at the Meeting.

Election of Directors

The Articles of Incorporation of the Company provide that the Company is authorized to appoint a minimum of one (1) and a maximum of ten (10) directors. The board of directors of the Company (the "**Board**") currently consists of four (4) directors. It is proposed that four (4) directors be elected at the Meeting. The following table and the notes thereto state the names, province or state and country of residence of all the persons proposed to be nominated by management for election as directors, any other positions and offices with the Company now held by them, the first position or office with the Company, if any, their principal occupations, businesses or employment within the five preceding years the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by each of them as at the date hereof.

Name, Residence and Positions with the Company[(1)]	Principal Occupations over the Past Five Years[(1)]	Date First Elected a Director of the Company	Number of Voting Securities Beneficially Owned, or Controlled or Directed, Directly or Indirectly as at June 1, 2017[(2)]
Robert J. Kasner Ontario, Canada President, Chief Executive Officer and Director	President and Chief Executive Officer of the Company (current); self-employed prospector and contractor; President of R. J. Kasner Co. Ltd., a private contracting company (current).	July 19 2001	2,351,859[(3)] Common Shares
William R. Whitehead[(4)] Ontario, Canada Director	Self-employed businessman (current).	July 19, 2001	Nil
Daniel Farrell[(4)] Ontario, Canada Director	Self-employed businessman (current).	December 13, 2010	238,500 Common Shares
Donald R. Kasner[(4)] Ontario, Canada Director	Self-employed contractor (current).	December 13, 2010	Nil

Notes:

(1) Information as to residence and principal occupation has been provided by the proposed directors.

(2) The information as to voting securities beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been provided by each proposed director.

(3) 355,450 of which are held in Mr. Robert J. Kasner's RRSP account, 427,812 of which are held in an account of Mr. Robert J. Kasner's spouse and 979,909 of which are held through R. J. Kasner Co. Ltd.

(4) Current and proposed member of the Audit Committee.

The term of office of each director will be from the date of the meeting at which he is elected until the next annual meeting, or until his successor is elected or appointed.

Corporate Cease Trade Orders or Corporate Bankruptcies

Other than as described below, no proposed director is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that,

a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days while such proposed director was acting in such capacity; or

b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in such capacity.

Other than as described below, no proposed director of the Company is, as at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while such proposed director was acting in such capacity, or within a year of such proposed director ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Each of Messrs. Robert J. Kasner and William R. Whitehead was, and continues to be, a director of the Company, which was subject to cease trade orders issued by the Ontario Securities Commission (the "**OSC**") and the British Columbia Securities Commission, on April 14, 2009, the Autorité des marchés financiers du Québec on April 15, 2009, and the Alberta Securities Commission on November 13, 2009. Such orders were issued as a result of the Company's failure to file audited annual financial statements, management's discussion and analysis, Chief Executive Officer and Chief Financial Officer certificates and its annual information form for the year ended December 31, 2008 and other continuous disclosure materials required to be filed. Such failure was caused by financial difficulties experienced by the Company as a result of its inability to raise funds given the 2008 market conditions. All such cease trade orders were revoked in September 2010.

On May 29, 2009 the Company filed a Notice of Intention to make a proposal under the Bankruptcy and Insolvency Act (the "**BIA**") with the Official Receiver. On June 5, 2009, the Company filed a proposal under the BIA. Some minor amendments were made to the proposal and such amendments were filed on July 20, 2009. On August 18, 2009, the Court approved the Company's proposal to creditors, as amended (the "**Proposal**") and the sale of the Company's previously-held principal property located in Uranium City, Saskatchewan, Canada which included the Box Mine and the Anthona Deposit and surrounding exploration properties to Linear Gold Corp.

During September 2009 and during the quarter ended December 31, 2009, the Proposal trustee, with the exception of one disputed claim, in the amount of $360,000 plus unspecified costs, settled all proved creditor claims and legal fees arising before and during the BIA process. The one disputed claim was settled during May 2010.

Personal Bankruptcies

Other than as described below, no proposed director of the Company or any personal holding company of such person has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director or personal holding company of such person.

Mr. Donald R. Kasner became bankrupt on June 24, 2008. He was granted a full discharge in the matter of such bankruptcy on March 25, 2009.

Penalties or Sanctions

Other than as described below, during the ten years prior to the date hereof, no proposed director of the Company or any personal holding company of such person has been subject to:

a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Pursuant to the terms of a settlement agreement dated September 30, 2009 between Mr. Robert J. Kasner and Staff of the OSC, which was accepted by the OSC on the same date, the OSC ordered on September 30, 2009 (the "**2009 Order**") that Mr. Robert J. Kasner be prohibited for a period of one year expiring on September 30, 2010 from trading in the securities of any issuer of which he is an officer, director or insider, including but not limited to the Company and that, after the expiration of such period, he permanently not trade in the Company directly but only through a registrant or a lawyer or accountant in accordance with Section 34(b) of the Ontario Securities Act. The 2009 Order was issued as a result of Mr.

Robert J. Kasner attempting to trade in securities of the Company within a period when the Company was undertaking a private placement offering of its securities, namely between January 27, 2008 and February 27, 2008. As described above, pursuant to OSC Rule 48-501 an issuer-restricted person is prohibited from trading in securities of an issuer making a private placement during the issuer restricted period which commences on the date two days prior to the day that the price of the offered securities is determined and ends on the date that the selling process ends and all stabilization arrangements relating to the offered securities are terminated. By virtue of his positions as President, Chief Executive Officer and a director of the Company during such time, Mr. Robert J. Kasner was an issuer-restricted person at the relevant time. Notwithstanding the fact that he was restricted from trading securities of the Company during the foregoing period, Mr. Robert J. Kasner had forgotten that he was restricted from such trading. The 2009 Order also required Mr. Robert J. Kasner to pay an administrative penalty, in the amount of $8,000.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that his, her, or its Common Shares are to be withheld from voting in respect of the election of directors.

In order to be effective, the resolution appointing the nominees proposed by management must be approved by at least a majority of the votes cast by shareholders at the Meeting.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ACCOMPANYING PROXY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Company's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's senior officers, being the two identified named executive officers (the "**NEOs**"), in 2016. The NEOs who are the focus of the CD&A and who appear in the compensation tables below are: Mr. Robert J. Kasner, President and Chief Executive Officer ("**CEO**") and a director of the Company, and Mr. Johnny Oliveira, the Company's Chief Financial Officer ("**CFO**").

The Company notes that it is in an exploration phase with respect to its properties and has had, and continues to operate with limited financial resources and control costs to ensure that funds are available to complete certain programs and otherwise fund its operations. The Board has to consider the current and anticipated financial position of the Company at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to the Company's senior officers relatively modest, while providing long-term incentives through the granting of Options (as defined below).

<u>Board oversight of Compensation</u>

Among its other duties, the Board is responsible for (i) overseeing the Company's human resources policies, executive compensation, management succession and development, and equity compensation plans, and (ii) ensuring that the Company's executive compensation policies and programs are competitive and reflect the long term interest of the Company and its shareholders. Given the size of the Company and the number of directors on the Board, the Board has not delegated any of the above responsibilities to a committee of the Board and performs such functions itself. The members of the Board that deal with matters of executive compensation have had direct experience in such matters that is relevant to their responsibilities by virtue of their long-standing involvement with public companies and matters of executive compensation. In addition, each such members keeps abreast on a regular basis of trends and developments affecting executive compensation. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

During the most recently completed financial year, two members of the Board, Mr. Robert J. Kasner and Mr. Donald R. Kasner, were considered not to be independent pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and will not be considered to be independent if re-elected at the Meeting. In order to ensure that the process for determining executive compensation remains objective, the Board (i) requires that executive directors remove themselves from any deliberations or determinations relating to their own compensation, (ii) seeks external, independent advice when requested or deemed appropriate by any member of the Board, and (iii) ensures that any decisions relating to the compensation of the executive directors are reviewed and approved by the independent members of the Board prior to finalization or implementation. The Board considers the experience and insight of the executive officers to be an asset in the Board's discussions and decisions relating to human resources and general compensation matters and relies on their input in matters that are not directly related to their own compensation.

The Company does not anticipate making any significant changes to its compensation policies and practices in 2017.

Compensation Process

The Board relies on its knowledge and experience to set appropriate levels of compensation for senior officers. The Company does not currently have any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of senior officer or director compensation.

The Board reviews the various elements of the NEOs' compensation in the context of the total compensation package (including base compensation and prior awards under the Company's stock option plan (the "**Stock Option Plan**")) and determines the NEOs' compensation packages.

From time to time the Board grants Options as part of an officer's compensation or in recognition of the achievement of a particular goal or extraordinary service. The Board determines the particulars with respect to all options granted pursuant to the Stock Option Plan (each, an "**Option**"), including the exercise price of each Option awarded (see "*Securities Authorized for Issuance under Equity Compensation Plans*" for details regarding the Stock Option Plan).

The Board has considered the risk implications of the Company's compensation policies and practices and has concluded that there is no appreciable risk associated with such policies and practices as such policies and practices do not have the potential of encouraging an executive officer or other applicable individual to take on any undue risk or to otherwise expose the Company to inappropriate or excessive risks. Furthermore, although the Company does not have in place any specific prohibitions preventing a NEO or a director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of options or other equity securities of the Company granted in compensation or held directly or indirectly, by the NEO or director, the Company is unaware of the purchase of any such financial instruments by any NEO or director.

Compensation Program

Principles/Objectives of the Compensation Program

The primary goal of the Company's executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Company's senior officers is determined with regard to the Company's business strategy and objectives and within the limited financial resources of the Company, such that the financial interests of the senior officers are matched with the financial interests of the shareholders.

Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Company's senior officers are composed of the following elements, which are linked to the Company's compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Compensation	Attract, retain and reward	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Stock Options	Motivate, reward and align interests with shareholders	Long-term incentives motivate and reward senior officers to increase shareholder value through the achievement of long-term corporate strategies and objectives.

2016 Performance and Compensation

The Company is an exploration stage mining company which has operated and continues to operate, with limited funds. The Company will not be generating revenues from operations in the foreseeable future. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Board to be appropriate in the evaluation of corporate or NEO performance. The compensation of senior officers is based, in substantial part, on trends in the mining industry as well as achievement of the Company's business plans. The Board did not establish any quantifiable criteria in 2016, with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

Base Compensation and Consulting Fees

The Company provides senior officers with base compensation paid to the CEO and the CFO pursuant to arrangements described under "*Termination and Change of Control Benefits*" below, which represent their minimum compensation for services rendered during the fiscal year. NEOs' base compensation depend on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends, practices and competitiveness and the Company's existing financial resources. Base compensation is reviewed annually by the Board. There were no changes to base compensation during 2016.

Stock Options

The grant of Options pursuant to the Stock Option Plan is an integral component of the compensation packages of the senior officers of the Company. The Board believes that the grant of Options to senior officers and share ownership by such officers serve to motivate achievement of the Company's long-term strategic objectives and the result will benefit all shareholders. Options are awarded to employees of the Company by the Board, which bases its decisions regarding Option grants upon the level of responsibility and contribution of the individuals toward the Company's goals and objectives. The Board considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. See "*Securities Authorized for Issuance under Equity Compensation Plans*" below for a detailed description of the Stock Option Plan.

Criteria for granting Options under the Stock Option Plan include:

(i) the performance of the Company;

(ii) the performance of the executive officer;

(iii) the level of responsibility of the executive officer;

(iv) the number of Options previously issued to the executive officer; and

(v) the difference between compensation which such executive officer is receiving from the Company when compared to compensation they could earn in peer group companies in Canada.

Executive Compensation: Tables and Narrative

Summary Compensation Table

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal years ended December 31, 2016, 2015 and 2014.

Name and Principal Position	Year	Salary ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension Value ($)	All other Compensation ($)	Total Compensation ($)
					Annual Incentive Plans	Long-term Incentive Plans			
Robert J. Kasner President and CEO	2016	95,000[(1) (2)]	Nil	Nil	Nil	Nil	N/A	Nil	95,000
	2015	150,000[(1) (3)]	Nil	Nil	Nil	Nil	N/A	Nil	150,000
	2014	150,000[(1)]	Nil	Nil	Nil	Nil	N/A	Nil	150,000
Johnny Oliveira CFO	2016	36,000[(4)]	Nil	Nil	Nil	Nil	N/A	500[(5)]	36,500
	2015	36,000[(4)]	Nil	Nil	Nil	Nil	N/A	1,500[(5)]	37,500
	2014	36,000[(4)]	Nil	Nil	Nil	Nil	N/A	1,500[(5)]	37,500

Notes:

(1) Amounts were earned by R. J. Kasner Co. Limited ("**Kasco**") pursuant to the Kasner Agreement (as defined and discussed below). See "*Termination and Change of Control Benefits*".

(2) Of the amounts earned in 2016 by Kasco, $75,000 was not paid and has been accrued and recorded in trade and other payables as at December 31, 2016 .

(3) Of the amounts earned in 2015 by Kasco, $37,500 was not paid and has been accrued and recorded in trade and other payables as at December 31, 2016 .

(4) Amounts were paid to 1822801 Ontario Inc. ("**OliveiraCo**") pursuant to the Oliveira Agreement (as defined and discussed below). See "*Termination and Change of Control Benefits*".

(5) Paid to Mr. Oliveira in connection with services he provided to the Company outside the scope of his role as CFO.

Incentive Plan Awards

The following table provides details regarding outstanding NEO option and share-based awards, as applicable, as at December 31, 2016:

Outstanding share-based awards and option-based awards							
	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Aggregate value of unexercised in-the-money Options ($)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
Robert J. Kasner President and CEO	465,000	0.10	October 7, 2018	Nil[(1)]	N/A	N/A	N/A
Johnny Oliveira CFO	140,000	0.10	October 7, 2018	Nil[(1)]	N/A	N/A	N/A

Note:

(1) These Options were out-of-the-money on December 31, 2016 (based on the closing price of the Common Shares on the Canadian Securities Exchange (the "**CSE**") of $0.01).

Please see "*2016 Performance and Compensation - Stock Options*" for a discussion of the Stock Option Plan and determinations of awards during 2016. Please see "*Securities Authorized for Issuance under Equity Compensation Plans*" for details regarding the Stock Option Plan.

There were no outstanding option-based awards, share-based awards or non-equity incentive plan compensation that vested in the year ended December 31, 2016 as no such awards or compensation was awarded in 2016 and all previously granted options vested fully prior thereto.

Termination and Change of Control Benefits

Pursuant to an agreement (the "**Kasner Agreement**") made effective as of July 1, 2012 between the Company and Kasco, the Company appointed Kasco to provide managerial and consultative services to the Company, including currently providing the services of Mr. Robert J. Kasner as President and CEO of the Company. Kasco is to be paid a minimum base rate of $150,000 per year, with an annual increase determined by Kasco and the Company. The earlier agreement between the Company and Kasco, made effective as of December 1, 2004, was terminated. In August 2016, Mr. Kasner agreed to reduce his minimum base rate to $60,000 per year.

The Kasner Agreement provides for an indefinite term and may be terminated by Kasco within 12 months following the occurrence of a "Fundamental Change" (as defined below) if there has been either: (i) a material change in Mr. Robert J. Kasner's duties; (ii) a material breach of any of the material provisions of the Kasner Agreement by the Company; or (iii) there has been a relocation of Mr. Robert J. Kasner's primary office location outside of Kirkland Lake, Ontario (each of (i), (ii) and (iii), being a "**Good Reason**"), provided that 30 days written notice is given to the Company within 90 days of the event giving rise to the Good Reason. The Kasner Agreement will also terminate upon the death of Mr. Robert J. Kasner.

For these purposes, a "**Fundamental Change**" means: (i) a merger, consolidation, amalgamation or arrangement which results in a person or group of persons beneficially owning securities carrying in the aggregate more than 40% of the votes which may be cast for the election of directors of the Company (other than any person or group of persons who beneficially owned more than 40% of such securities prior to such transaction); (ii) a transaction or series of transactions pursuant to which the Company sells all or substantially all of its assets (excluding a transaction or series of transactions between the Company and any of its subsidiaries or between the subsidiaries of the Company); (iii) any change in the beneficial ownership of the securities of the Company which results in a person or group of persons beneficially owning securities carrying in the aggregate more than 40% of the votes which may be cast for the election of directors of the Company (other than any person or group of persons who beneficially owned more than 40% of such securities prior to such change); or (iv) a change in the composition of the board of directors of the Company as a result of a contested election of directors, with the result that less than 50% of the directors elected in such contested election are comprised of individuals who were directors prior to such contested election or who were nominees proposed by management (or by at least a majority of the incumbent directors) of the Company for election, other than independent directors appointed by court order.

The Kasner Agreement may be terminated by the Company at any time, summarily and without further obligation to Kasco or Mr. Robert J. Kasner, for reasons of "Incapacity" or for "Cause". For these purposes, "**Incapacity**" means that Mr. Robert J. Kasner is either: (i) unable to perform substantially all of his duties for a period of more than 120 business days in any 12-month period; or (ii) becomes qualified for receipt of benefits from a long term disability policy, and in either case the engagement of Kasco may be terminated summarily or without further payment in lieu of notice if the Company is unable to reasonably accommodate Mr. Robert J. Kasner's Incapacity, and Kasco shall not be entitled to receive any further compensation or benefits, except those which have accrued due and those which may be provided pursuant to any disability or other applicable insurance policies. Additionally, for these purposes, "**Cause**" means any grounds at common law for which an employer is entitled to dismiss an employee summarily (including the failure or refusal to perform the required duties or services, a breach of fiduciary duty and continued unreasonable non-medical absence).

In the event that, without Kasco's prior written consent, the Kasner Agreement is terminated by the Company (other than for the death of Mr. Robert J. Kasner, Cause or Incapacity) or by Kasco for Good Reason, the Company shall pay Kasco a lump sum payment equal to three times the fee for the calendar year in which the date of termination occurs. If any such event had occurred on December 31, 2016, the Company would have had to pay Kasco an aggregate of $180,000 pursuant to the Kasner Agreement.

Pursuant to an agreement (the "**Oliveira Agreement**") made as of April 6, 2011, between OliveiraCo, a company controlled by Mr. Oliveira, and the Company, OliveiraCo provides bookkeeping, accounting, financial reporting and taxation services to the Company. In connection with the Oliveira Agreement, Mr. Oliveira also provides his services as CFO of the Company. The Company is invoiced a flat fee of $3,000 per month for the services provided by OliveiraCo, including the CFO services provided by Mr. Oliveira. The Oliveira Agreement does not contain any provisions for any payment to Mr. Oliveira in the event of a change of control of the Company or other fundamental change affecting the Company. There is no other contract, agreement, plan or arrangement that provides for any payment to the CFO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or change in the CFO's responsibilities.

Director Compensation

Directors of the Company who are not officers did not receive and were not entitled to receive any fees for their services in 2016, other than as set out below.

Directors may receive Option grants as determined by the Board. The exercise price of such Options is determined by the Board as described under "*Securities Authorized for Issuance under Equity Compensation Plans*".

Directors are also entitled to receive compensation, to the extent that they provided services to the Company, at rates that would otherwise be charged by such directors for such services to arm's length parties or less.

Director Summary Compensation Table

The following compensation table sets out the compensation paid to each of the Company's directors (other than any directors who are also NEOs) in the years ended December 31, 2016 and 2015:

Name	Year	Fees earned ($)	Share-based awards ($)(1)	Option-based awards ($)(1)	Non-equity incentive plan compensation ($)	Pension value ($)	All other Compensation ($)	Total ($)
William R. Whitehead	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Daniel Farrell	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Donald R. Kasner	2016	18,000(2)	Nil	Nil	Nil	Nil	Nil	18,000
	2015	43,994(2)	Nil	Nil	Nil	Nil	Nil	43,994

Notes:

(1) No option or share-based awards were granted to any directors of the Company in the years ended December 31, 2016 and 2015.

(2) Paid to Mr. Donald R. Kasner in connection with field technical services and public relations assistance provided to the Company.

Incentive Plan Awards

The following table provides details regarding the outstanding option and share based awards held by directors (other than any directors who are also NEOs) as at December 31, 2016:

Outstanding share-based awards and option-based awards							
	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised Options (#)	Option exercise price ($)	Option expiration date	Aggregate value of unexercised in-the-money Options ($)	Number of shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested ($)	Market or payout value of vested share-based awards not paid out or distributed ($)
William R. Whitehead	215,000	0.10	October 7, 2018	Nil[(1)]	N/A	N/A	N/A
Daniel Farrell	265,000	0.10	October 7, 2018	Nil[(1)]	N/A	N/A	N/A
Donald R. Kasner	265,000	0.10	October 7, 2018	Nil[(1)]	N/A	N/A	N/A

Note:
(1) These Options were out-of-the-money on December 31, 2016 (based on the closing price of the Common Shares on the CSE of $0.01).

Please see "*Securities Authorized for Issuance under Equity Compensation Plans*" for details regarding the Stock Option Plan.

There were no outstanding option-based awards, share-based awards or non-equity incentive plan compensation that vested in the year ended December 31, 2016 as no such awards or compensation was awarded in 2016 and all previously granted options vested fully prior thereto.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of December 31, 2016 with respect to the Common Shares that may be issued under the Stock Option Plan.

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights (a)	Weighted-average exercise price of outstanding Options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans[(1)] (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	2,235,000	$**0.10**	1,572,348
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	2,235,000	**$0.10**	1,572,348

Note:
(1) The Stock Option Plan provides for the grant of Options for the purchase of up to 10% of the Common Shares.

The purpose of the Stock Option Plan is to develop and increase the interest of certain Eligible Persons (as defined below) in the growth and development of the Company by providing them with the opportunity to acquire a proprietary interest in the Company through the grant of Options to purchase Common Shares.

Under the Stock Option Plan, Options may be granted to Eligible Persons. The term "**Eligible Person**" includes, subject to all applicable laws, directors, officers, employees and consultants of the Company (or any affiliate of the Company), and certain "Permitted Assigns" of the foregoing persons, including: (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, such person; (ii) a personal holding corporation of such a person; (iii) a registered retirement savings plan (an "**RRSP**") or a registered retirement income fund (an "**RRIF**") established by or for such a person under which such a person is the beneficiary; (iv) a spouse of such a person; (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of, the spouse of such a person; (vi) a personal holding corporation of the spouse of such a person; or (vii) an RRSP or an RRIF established by or for the spouse of such a person under which the spouse of such person is the beneficiary.

The Stock Option Plan is administered by the Board.

The aggregate number of Common Shares which may be issued under the Stock Option Plan shall not exceed 10.0% of the aggregate number of Common Shares issued and outstanding (calculated on a non-diluted basis) from time to time. Any Option granted under the Stock Option Plan which has been exercised shall again be available for subsequent grant under the Stock Option Plan, effectively resulting in a re-loading of the number of Common Shares available for grant under the Stock Option Plan. Any Common Shares subject to an Option granted under the Stock Option Plan, which for any reason is surrendered, cancelled or terminated or expires without having been exercised, shall again be available for subsequent grant under the Stock Option Plan.

The purchase price (the "**Price**") per Common Share subject to each Option shall be determined by the Board. The Price shall not be lower than the greater of the closing market price of the Common Shares on the CSE on (a) the trading day immediately preceding the date of the grant, and (b) the date of grant; provided that if the Common Shares have not traded on the CSE for an extended period of time, the "market price" will be the fair market value of the shares at the time of grant, as determined by the Board, but subject to any required regulatory approval.

Options shall be granted for a term determined by the Board on the date of grant (the "**Option Period**"). Options may be exercised by an Eligible Person in whole at any time, or in part from time to time, during the Option Period, subject to the provisions of the Stock Option Plan. Generally, Options granted under the Stock Option Plan may not be assigned or otherwise transferred by an Eligible Person other than to certain other Eligible Persons and Permitted Assigns or pursuant to a will or by the laws of descent and distribution. However, pursuant to the amendment provision of the Stock Option Plan, the Board has the authority to amend the assignability and transferability provisions of the Stock Option Plan generally or any Options granted to any Eligible Person. Options granted under the Stock Option Plan may vest at the discretion of the Board.

By its terms, the Stock Option Plan may be amended by the Board without the consent of the shareholders, including amending the terms and conditions of Options, amending the categories of persons who are Eligible Persons and entitled to be granted Options, allowing the grant of financial assistance to optionees for the purpose of exercising Options, authorizing the addition of a cashless exercise feature (payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve), changing the assignability or transferability of Options, and amendments of a housekeeping nature.

The Board may terminate the Stock Option Plan at any time.

Any Option granted pursuant to the Stock Option Plan, to the extent not validly exercised, will terminate on the earlier of:

(i) the expiry of the Option Period in respect of such Option;

(ii) the date on which an optionee under the Stock Option Plan (an "**Optionee**") ceases to serve the Company (or any affiliate of the Company), as the case may be, as an employee, senior officer, director or consultant of the Company for cause. If an Optionee ceases to serve the Company (or any affiliate of the Company) as an employee, senior officer, director or consultant for any reason other than for cause, generally, no Option held by such Optionee at the effective date thereof may be exercised by the Optionee following the date which is ninety (90) days after the date on which the Optionee ceases to serve the Company (or any affiliate of the Company), as the case may be, in such capacity;

(iii) one hundred and eighty (180) days after the date of the death of the Eligible Person during which period the Option may be exercised by the Eligible Person's legal representative or the person or persons to whom the deceased Eligible Person's rights under the Option shall pass by will or the applicable laws of descent and distribution, and only to the extent the Eligible Person would have been entitled to exercise the Option on the date of death; and

(iv) ninety (90) days after termination of the Eligible Person's employment by reason of permanent disability or retirement under any retirement plan of the Company or any subsidiary of the Company, during which ninety (90) day period the Eligible Person may exercise the Option to the extent he was entitled to exercise it at the time of such termination, provided that if the Eligible Person shall die within such ninety (90) day period, then such right shall be extended to ninety (90) days following the date of death of the Eligible Person.

If the expiry of the Option Period in respect of an Option falls during or within three business days of a blackout period, during which the policies of the Company prevent persons in a "special relationship" with the Company from trading in the securities of the Company, the expiry date for the Option will be extended for an additional period expiring on the tenth business day following the end of the blackout period. Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or senior officer of the Company (or any affiliate of the Company), provided that the Optionee continues to be an Eligible Person.

The Stock Option Plan contains provisions for adjustment of the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger, or other relevant changes in the Company's capitalization. Currently, the Stock Option Plan does not contain any provision for financial assistance by the Company in respect of Options granted under the Stock Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director, executive officer, employee or former director, executive officer or employee of the Company or any of its subsidiaries is indebted to the Company or any of its subsidiaries, or any other entity (where such indebtedness to such other entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries).

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, no proposed director, nor any associate of any such director, executive officer or proposed director, is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries, or another entity (where such indebtedness to such other entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company) in respect of any security purchase program or any other program.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's financial year ended December 31, 2016, no proposed nominee for election as a director of the Company, and no associate or affiliate of any such director, executive officer or proposed nominee has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, proposed director, executive officer, beneficial holder of more than 10% of the issued and outstanding Common Shares, or any director or executive officer of such beneficial holder, or any associate or affiliate of the foregoing, have had or has any material interest, direct or indirect, in any transaction since the beginning of the Company's financial year ended December 31, 2016 or any proposed transaction that has materially affected or would materially affect the Company or its subsidiaries.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Company's shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interests of its shareholders and contribute to effective and efficient decision making. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value. Set out below is a description of the corporate governance practices of the Company as required by NI 58-101 concerning corporate governance disclosure.

Disclosure of Corporate Governance Practices

Mandate of the Board

The Board has responsibility for the stewardship of the Company. In carrying out this mandate, the Board meets regularly and a broad range of matters are discussed and reviewed for approval. These matters include overall corporate plans and strategies, budgets, internal controls and management information systems, risk management as well as interim and annual financial and operating results. The Board is also responsible for the approval of all major transactions, including equity issuances, acquisitions and dispositions, as well as the Company's debt and borrowing policies. The Board strives to ensure that actions taken by management correspond closely with the objectives of the Board and the shareholders.

The Board believes that it functions independently of management. To enhance its ability to act independently of management, the Board reviews its procedures on an ongoing basis to ensure that it can function independently of management. The Board meets, as required, without management present. When conflicts do arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in NI 58-101, the Board intends to convene meetings of independent directors in the future, at which non-independent directors and members of management are not in attendance as may be deemed necessary.

Composition of the Board

Pursuant to NI 58-101, a director is independent if the director has no direct or indirect material relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the Company. The Board is currently comprised of four members, all of whom are standing for re-election at the Meeting. Assuming management's proposed slate of directors is elected at the Meeting, the Board will be comprised of four (4) members, two (2) of whom the Board has determined will be independent. In assessing whether a director is independent for these purposes, the circumstances of each director have been examined in relation to a number of factors.

Messrs. Whitehead and Farrell are currently, and will continue to be, independent directors. Mr. Robert J. Kasner will not be considered an independent director as he is an executive officer of the Company. Mr. Donald R. Kasner will not be considered an independent director as he is the son of Mr. Robert J. Kasner, the President and CEO of the Company.

*Directorship*s

None of the current or proposed directors currently hold any directorships in other public issuers.

Orientation and Continuing Education

The Company does not have a formal process of orientation for new directors. However, the Board conducts a discussion of the role of the Board and its directors as well as the business of the Company at its Board meetings to ensure new directors are provided with an overview of the Board's role and the Company's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise.

Given the size of the Company and the in-depth experience of the current directors, there has been no formal continuing education program. Board members are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

Ethical Business Conduct

The Board has not yet adopted a written ethical business conduct code for directors, officers and employees of the Company. In circumstances where a director or executive officer has a material interest in a transaction or agreement which the Company is considering entering into, the individual is required to fully disclose his or her interest therein and an ad hoc committee of disinterested directors is appointed for review purposes to confirm, among other things, that such transaction or agreement, as applicable, is being entered into on arm's length commercially reasonable terms. Such committee has the right to obtain advice from the Company's counsel and other professional advisors and/or appoint independent counsel and/or advisors.

The Board has adopted a whistleblower policy that specifically addresses the Company's commitment to integrity and ethical behaviour. The policy establishes procedures that allow employees of the Company to confidentially and anonymously submit their concerns to the Chair of the Audit Committee.

Nomination of Directors

The Board has not appointed a formal nominating committee. However, any member of the Board is free to recommend additional members, as required, and the Board will consider such recommendations as a whole. Until a committee is formed, the Board as a whole will be responsible for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, taking into account the competencies and skills that the Board as a whole should possess as well as the competencies and skills that each director should possess.

Compensation

Given the size of the Board and the stage of development of the Company, the Board has not had and does not currently intend to establish a compensation committee. The Board sets the level of compensation for directors and senior management. See "*Executive Compensation*" in this Management Information Circular.

Board Committees

The Board has no standing committees other than the Audit Committee.

Assessments

Based upon the Company's size, its current state of development and the number of individuals on the Board, the Board considers a formal process for assessing regularly the effectiveness and contribution of the Board, as a whole, the Audit Committee or individual directors to be unnecessary at this time. In light of the fact that the Board and the Audit Committee meet on numerous occasions during each year, each director has significant opportunity to assess other directors to ensure that the Board as a whole, and its individual directors, are performing effectively. The Board plans to continue evaluating its own effectiveness on an ad hoc basis.

AUDIT COMMITTEE

Composition of the Audit Committee and Charter

The Audit Committee of the Board operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this Management Information Circular as Schedule "A". The current and proposed members of the Audit Committee are: Mr. Farrell, Mr. Whitehead and Mr. Donald R. Kasner, all of whom are considered "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Mr. Whitehead and Mr. Farrell are considered to be "independent", and Mr. Donald R. Kasner is not considered to be "independent", within the meaning of NI 52-110. In considering criteria for the determination of financial literacy, the Board looks at the ability to read and understand financial statements that present the range and level of complexity of accounting issues that are generally comparable to those issues that can be reasonably expected to be raised by the Company's financial statements. The following sets out the education and experience of each director relevant to the performance of his duties as a member of the Audit Committee. Each of the current members of the Audit Committee has acted as a director and/or audit committee member of a number of public issuers in the past and as such obtained experience in performing his responsibilities as a member of the Company's Audit Committee.

Mr. William R. Whitehead

Mr. Whitehead owns his own business and in such capacity has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting.

Mr. Daniel Farrell

Mr. Farrell has successfully completed graduate level courses in accounting and is a registered stock broker in Canada and the United States. Previously Mr. Farrell served as the President and Chief Executive Officer of Quincy Energy Corp., a TSX Venture Exchange listed company prior to its acquisition by Energy Metals Corporation, and President and Chief Executive Officer of F.D.G. Mining Inc., TSX Venture Exchange listed company. As such, Mr. Farrell has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting.

Mr. Donald R. Kasner

Mr. Donald R. Kasner has served as a director of the Company since December of 2010. Additionally, Mr. Donald R. Kasner was a manager at Northern Auto and Supplies for five years and has been involved in the mining industry for over 25 years. As such, Mr. Donald R. Kasner has experience in the preparation, analysis and/or evaluation of financial statements generally and an understanding of the internal controls and procedures for financial reporting.

Given the scope and the nature of the Company's business, its financial statements and the accounting issues arising therefrom are relatively uncomplicated. Based on the foregoing, it is the Board's conclusion that each of the members of the Audit Committee has an understanding of the accounting principles used by the Company to prepare its financial statements, the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves and experience in evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

Audit Committee Oversight

During the fiscal year ended December 31, 2016, all recommendations of the Audit Committee to nominate or compensate an external auditor were adopted by the Board.

Pre-Approval Policies and Procedures

Included as part of the Audit Committee's charter is the responsibility of the Audit Committee to pre-approve all non-audit services to be provided to the Company by its external auditors.

External Auditor Service Fees

The following table summarizes the aggregate fees paid or payable to: (i) Palmer Reed, Chartered Accountants, 439 University Avenue, Suite 1550, Toronto, Ontario, who were appointed as the Company's auditors on July 19, 2011 and who were the auditors of the Company for the financial year ended December 31, 2016 and 2015.

Category	2016	2015
Audit Fees	$9,000	$9,000
Audit Related Fees	Nil	Nil
Tax Fees	Nil	Nil
All Other Fees	Nil	Nil
Total	**$9,000**	**$9,000**

Exemptions

In respect of the financial year ended December 31, 2016, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company is available electronically on SEDAR at www.sedar.com. Financial information will be provided in the Company's audited consolidated financial statements and Management's Discussion and Analysis for the financial years ended December 31, 2016 and 2015. Copies of the Company's financial statements and related Management's Discussion and Analysis will also available upon written request from the Corporate Secretary of the Company at P. O. Box 546, 4 Al Wende Avenue, Kirkland Lake, Ontario, P2N 3J5.

SHAREHOLDER PROPOSALS

A proposal for any matter that a shareholder proposes to raise at the next annual meeting of shareholders of the Company (i.e. the 2018 annual meeting) must be submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to shareholders in connection with the Meeting (that is, at least 90 days before the anniversary date of June 1, 2017), and must comply with the other requirements of the CBCA relating to proposals.

GENERAL

Except where otherwise indicated, information contained herein is given as of June 1, 2017.

The undersigned hereby certifies that the contents and the sending of this Management Information Circular have been approved by the directors of the Company.

DATED this 1st day of June, 2017.

"*Diane McKean*"
Diane McKean
Corporate Secretary

SCHEDULE "A"

AMENDED AND RESTATED AUDIT COMMITTEE CHARTER
Dated as of April 29, 2013

I. PURPOSE

The audit committee (the "**Audit Committee**") is a committee of the board of directors (the "**Board of Directors**") of Mistango River Resources Inc. (the "**Corporation**"). The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to the financial accounting and reporting process and internal controls for the Corporation by:

- reviewing the financial reports and other financial information before such reports and other financial information is provided to any governmental body or to the public;
- recommending the appointment and reviewing and appraising the audit efforts of the Corporation's external auditors and providing an open avenue of communication among the external auditors, financial and senior management and the Board of Directors;
- serving as an independent and objective party to monitor the Corporation's financial reporting process and internal controls, the Corporation's processes to manage business and financial risk, and its compliance with legal, ethical and regulatory requirements; and
- encouraging continuous improvement of, and fostering adherence to, the Corporation's policies, procedures and practices at all levels.

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Part III of this Charter. The Audit Committee's primary function is to assist the Board of Directors in fulfilling its responsibilities. It is, however, the Corporation's management which is responsible for preparing the Corporation's financial statements and it is the Corporation's external auditors which are responsible for auditing those financial statements.

II. COMPOSITION AND MEETINGS

The Audit Committee is to be comprised of such number of directors (but at least three) as determined by the Board of Directors, a majority of whom must be "independent" and "financially literate" (as such terms are defined in Multilateral Instrument 52-110 *Audit Committees* ("**MI 52-110**")).

The members of the Audit Committee shall be appointed by the Board of Directors and serve until the next annual meeting of shareholders of the Corporation or until their successors are duly appointed. Unless a Chairman is appointed by the full Board of Directors, the members of the Audit Committee may designate a Chairman by majority vote of the full Audit Committee membership.

The Audit Committee is to meet at least four times annually (and more frequently if circumstances require). The Audit Committee is to meet prior to the filing of quarterly financial statements to review and discuss the unaudited financial results for the preceding quarter and the related management discussion & analysis ("**MD&A**") and is to meet prior to filing the annual audited financial statements and MD&A in order to review and discuss the audited financial results for the year and related MD&A.

As part of its role in fostering open communication, the Audit Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their oversight related duties, members of the Audit Committee are to be provided with full access to all corporate information and are to be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and external auditors of the Corporation.

A quorum for the transaction of business at any meeting of the Audit Committee is the presence in person or by telephone or other communication equipment of a majority of the members of the Audit Committee or such greater number as the Audit Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Audit Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

Should a vacancy arise among the members of the Audit Committee, the remaining members of the Audit Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.

Meetings of the Audit Committee are to be held from time to time at such place as the Audit Committee or the Chairman of the Audit Committee may determine upon at least seven days' prior notice to each of the members, in the regular course of the Audit Committee's affairs, or 48 hours notice in cases where necessity requires. The notice period may be waived by a quorum of the Audit Committee.

The Chairman of the Audit Committee, any member of the Audit Committee, the Chairman of the Board of Directors, the Corporation's external auditors, or the Chief Executive Officer, Chief Financial Officer or Secretary of the Corporation is entitled to request that the Chairman of the Audit Committee call a meeting. A notice of the Audit Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting.

III. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall:

Generally

1. Create an agenda for the ensuing year.

2. Review and update this Charter at least annually, prepare revisions to its provisions where conditions so dictate and submit such proposed revisions to the Board of Directors for approval.

3. Describe in each management information circular of the Corporation in which management solicits proxies for the purposes of electing directors to the Board of Directors, the Audit Committee's composition and other form requirements under MI 52-110.

4. Report periodically to the Board of Directors.

5. Conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.

6. The Audit Committee shall be empowered to retain and compensate independent counsel, accountants and other professionals to assist it in the performance of its duties as it deems necessary.

7. Perform any other activities consistent with this Charter, the Corporation's Memorandum and Articles of Association and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Documents/Reports Review

8. Review the Corporation's interim and annual financial statements, results of audits as well as all interim and annual MD&A and interim and annual earnings' press releases prior to their publication and/or filing with any governmental body, or the public.

9. Review policies and procedures with respect to directors' and senior officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditors, based on terms of reference agreed upon by the external auditors and the Audit Committee.

10. Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure addressed in paragraph 8 of this part, and periodically assess the adequacy of such procedures.

11. Review the audited annual financial statements to satisfy itself that they are presented in accordance with general accepted accounting principles.

12. Provide insight to related party transactions entered into by the Corporation.

External Auditors

13. Recommend to the Board of Directors the selection of the external auditors, considering independence and effectiveness, and approve the fees and other compensation to be paid to the external auditors. Instruct the external auditors that the Board of Directors, as the shareholders' representative, is the external auditors' client.

14. Monitor the relationship between management and the external auditors, including reviewing any management letters or other reports of the external auditors and discussing and resolving any material differences of opinion between management and the external auditors.

15. Review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Corporation to determine their independence.

16. Pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by the external auditors.

17. Oversee the work and review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant. Consider with management and the external auditors the rationale for employing accounting/auditing firms other than the principal external auditors.

18. Periodically consult with the external auditors out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the completeness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.

19. Ensure that the external auditors report directly to the Audit Committee, ensure that significant findings and recommendations made by the external auditors are received and discussed with the Audit Committee on a timely basis and arrange for the external auditors to be available to the Audit Committee and the full Board of Directors as needed.

20. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the Corporation's external auditors.

Financial Reporting Processes

21. In consultation with the external auditors, review the integrity of the Corporation's financial reporting processes, both internal and external.

22. Consider the external auditors' judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices.

23. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors and ensure that management's reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

Process Improvement

24. Establish regular and separate systems of reporting to the Audit Committee by each of management and the external auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

25. Review the scope and plans of the external auditors' audit and reviews prior to the audit and reviews being conducted. The Audit Committee may authorize the external auditors to perform supplemental reviews or audits as the Audit Committee may deem desirable.

26. Following completion of the annual audit and quarterly reviews, review separately with management and the external auditors any significant changes to planned procedures, any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditors received during the course of the audit and reviews.

27. Review and resolve any significant disagreements between management and the external auditors in connection with the preparation of the financial statements.

28. Where there are significant unsettled issues, the Audit Committee is to assist in arriving at an agreed course of action for the resolution of such matters.

29. Review with the external auditors and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.

30. Review activities, organizational structure, and qualifications of the Corporation's Chief Financial Officer and staff in the financial reporting area and see to it that matters related to succession planning within the Corporation are raised for consideration to the full Board of Directors.

Ethical and Legal Compliance

31. Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

32. Review and update periodically a code of ethical conduct (the "**Code of Conduct**") and ensure that management has established a system to enforce the Code of Conduct. Review appropriateness of actions taken to ensure compliance with the Code of Conduct and to review the results of confirmations and violations thereof.

33. Review management's monitoring of the Corporation's systems in place to ensure that the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

34. Review, with the Corporation's counsel, legal and regulatory compliance matters, including corporate securities trading policies, and matters that could have a significant impact on the Corporation's financial statements.

Risk Management

35. Review management's program of risk assessment and steps taken to address significant risks or exposures, including insurance coverage, and obtain the external auditors' opinion of management's assessment of significant financial risks facing the Corporation and how effectively such risks are being managed or controlled.

MISTANGO RIVER RESOURCES

AUDITED FINANCIAL STATEMENTS

For the years ended December 31, 2016 and 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited financial statements of Mistango River Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The audited financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

The Company maintains systems of internal controls that are designed by management to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and to produce reliable accounting records for financial reporting purposes.

The Board of Directors is responsible for reviewing and approving the audited financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the audited financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the audited financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Robert J. Kasner", President and CEO
Robert J. Kasner

"Johnny Oliveira", CFO
Johnny Oliveira

PALMER REED
CHARTERED ACCOUNTANTS

439 University Avenue, Suite 1550, Toronto, Ontario M5G 1Y8
Telephone: (416) 599-9186 Fax: (416) 599-9189 Email: Palmerreed@palmerreed.com

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Mistango River Resources Inc.

We have audited the accompanying financial statements of Mistango River Resources Inc., which comprise the statements of financial position as at December 31, 2016, and December 31, 2015, and the statements of income (loss) and comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2016 and December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mistango River Resources Inc. as at December 31, 2016, and December 31, 2015, and its financial performance and cash flows for the years ended December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which indicates that as at December 31, 2016 the Company had an accumulated deficit at $25,337,016. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt about the ability of Mistango River Resources Inc. to continue as a going concern. Our opinion is not qualified in respect of this matter.

TORONTO, ONTARIO

Palmer Reed

April 28, 2017

Chartered Accountants
Licensed Public Accountants

Mistango River Resources Inc.

STATEMENTS OF FINANCIAL POSITION

(Canadian dollars)

AS AT DECEMBER 31,		2016		2015
ASSETS				
Current				
Cash (Note 4)	**$**	**689,013**	$	176,961
Trade and other receivables (Note 6)		**5,356**		4,399
		694,369		181,360
Investments (Note 8)		**7,940**		4,186
Property, plant and equipment (Note 9)		**90,530**		113,162
	$	**792,839**	$	298,708
LIABILITIES				
Current				
Trade and other payables (Note 10 and 11)	**$**	**386,853**	$	333,624
		386,853		333,624
EQUITY (Deficiency in Equity)				
Share capital (Note 12 (a))		**21,061,066**		21,061,066
Reserve for share based payments (Note 13(a))		**3,911,594**		3,911,594
Reserve for warrants (Note 13 (b))		**800,000**		800,000
Deficit		**(25,337,016)**		(25,774,164)
Accumulated other comprehensive loss		**(29,658)**		(33,412)
		405,986		(34,916)
	$	**792,839**	$	298,708

Nature of Operations and Going Concern (Note 1)
Commitments and Contractual Obligations (Note 15)

Approved on behalf of the Board on April 28, 2017:

"Robert J. Kasner", Director

"Daniel Farrell", Director

The accompanying notes are an integral part of these financial statements

Mistango River Resources Inc.

STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Canadian dollars)

Years ended December 31,		2016		2015
Expenses				
Salaries, fees and benefits (Note 11)	**$**	**94,764**	$	199,454
Professional and consulting fees (Note 11)		**42,682**		54,182
Office, general and administrative (Note 11)		**43,335**		38,933
Shareholder Information		**15,635**		27,816
Amortization (Note 9)		**22,632**		12,834
Exploration and evaluation expenditures (Notes 11 and 14)		**(656,196)**		174,086
Net income (loss) before the undernoted		**437,148**		(507,305)
Realized loss on marketable securities (Note 5)		**-**		(34,628)
Unrealized gain on marketable securities (Note 5)		**-**		24,000
Write down of promissory note receivable (Note 7)		**-**		(55,125)
Net income (loss) for the year	**$**	**437,148**	$	(573,058)
Income (loss) per share				
Basic and diluted	**$**	**0.01**	$	(0.02)
Weighted average number of common shares outstanding				
Basic and diluted (000's)		**38,073**		38,073
Comprehensive Income (Loss)				
Net income (loss) for the year	**$**	**437,148**	$	(573,058)
Unrealized gain on investments (Note 8)		**3,754**		-
Net comprehensive income (loss)	**$**	**440,902**	$	(573,058)

The accompanying notes are an integral part of these financial statements

Mistango River Resources Inc.

STATEMENTS OF CHANGES IN EQUITY

(Canadian dollars)

	Share Capital		Reserves				
	Number of Shares	Amount	Share based payments	Warrants	Deficit	Accumulated other comprehensive loss	Total
Balance at December 31, 2014	38,073,481	$ 21,061,066	$ 3,911,594	$ 800,000	$ (25,201,106)	$ (33,412)	$ 538,142
Net loss for the year	-	-	-	-	(573,058)	-	(573,058)
Balance at December 31, 2015	**38,073,481**	**$ 21,061,066**	**$ 3,911,594**	**$ 800,000**	**$ (25,774,164)**	**$ (33,412)**	**$ (34,916)**
Net income for the year	**-**	**-**	**-**	**-**	**437,148**	**-**	**437,148**
Unrealized gain on investments for the year	**-**	**-**	**-**	**-**	**-**	**3,754**	**3,754**
Balance at December 31, 2016	**38,073,481**	**$ 21,061,066**	**$ 3,911,594**	**$ 800,000**	**$ (25,337,016)**	**$ (29,658)**	**$ 405,986**

The accompanying notes are an integral part of these financial statements

Mistango River Resources Inc.

STATEMENTS OF CASH FLOWS

(Canadian dollars)

Year ended December 31,	2016	2015
Operations		
Net income (loss) for the year	$ 437,148	$ (573,058)
Adjustments to reconcile net income (loss) to cash flow from operating activities:		
Amortization	22,632	12,834
Realized loss on sale of marketable securities	-	34,628
Unrealized gain on marketable securities	-	(24,000)
Write down of promissory note receivable	-	55,125
Interest accretion on promissory note receivable	-	(2,517)
Net change in non-cash operating working capital items:		
Trade and other receivables	(957)	17,157
Trade and other payables	53,229	62,852
	512,052	(416,979)
Investing		
Net purchase of property, plant and equipment	-	(34,372)
Proceeds on sale of marketable securities	-	46,372
	-	12,000
Net increase (decrease) in cash	512,052	(404,979)
Cash, beginning of year	176,961	581,940
Cash, end of year	$ 689,013	$ 176,961

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS

Mistango River Resources Inc. ("Mistango" or the "Company") is a federally incorporated company. The Company's head office is located at 4 Al Wende Ave., Kirkland Lake, ON, P2N 3J5. Mistango's principal business is the acquisition and exploration of mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at December 31, 2016, the Company had cash of $689,013 (2015 - $176,961), working capital of $307,516 (2015 – deficiency of $152,264), had not yet achieved profitable operations, had accumulated losses of $25,337,016 (2015 - $25,774,164) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or production relating to its operations. The application of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and obtain necessary financing to do so.

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.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its mineral property interests.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

The future profitability of exploration properties and the Company's continued existence are dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, undetected defects, unregistered claims, native land claims, and non-compliance with regulatory and environmental requirements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as at April 28, 2017.

These financial statements were approved and authorized by the Board of Directors of the Company on April 28, 2017.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for cash and investments, which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2.3 Future accounting policies and standards adopted

Future accounting policies

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company.

- In July 2014 the IASB issued the final amendments to IFRS 9, *Financial Instruments* ("IFRS 9") which provides guidance on the classification and measurement of financial assets and liabilities, impairment of financial assets, and general hedge accounting. The Classification and measurement portion of the standard determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. The amended IFRS 9 introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. In addition, the amended IFRS 9 includes a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.
- IFRS 15 *Revenue from Contracts with Customers* - IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"), was issued in May 2014 and will replace IAS 11, "Construction Contracts," IAS 18, "Revenue Recognition," IFRIC 13, "Customer Loyalty Programmes," IFRIC 15, "Agreements for the Construction of Real Estate," IFRIC 18, "Transfers of Assets from Customers," and SIC-31, "Revenue – Barter Transactions Involving Advertising Services." IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments," IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements." In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017; earlier adoption is permitted.

2. BASIS OF PRESENTATION *(continued)*

2.3 Future accounting policies and standards adopted *(continued)*

Future accounting policies *(continued)*

- IFRS 16 *Leases* ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and nonlease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12-months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15.

Standards adopted
At January 1, 2016, the Company adopted the following standards/amendments for which there was no impact on the Company's financial statements:

- IFRS 11 *Joint Arrangements* - The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation.
- IAS 1 – *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply.
- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* - The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.

2.4 Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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 valuation of deferred 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:

2. BASIS OF PREPARATION *(continued)*

2.4 Use of management estimates, judgments and measurement uncertainty *(continued)*

Going concern assumption
Going concern presentation of the financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Measurement of financial instruments under Level 1 of the fair value hierarchy
Management is also required to make judgments on whether marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate.

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 Company 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 differs 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.

Decommissioning provisions
These are made based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time that the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Mineral properties
All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment (“PPE”). On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write-off the cost of PPE, less their estimated residual value, using the declining balance method or unit-of-production method over the expected useful lives at the following rates:

• Exploration equipment	20%
• Office furniture	20%

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PPE and any changes arising from the assessment are applied by the Company prospectively.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

3.3 Decommissioning, restoration and similar liabilities (“Asset retirement obligation” or “ARO”)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PPE, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

3.4 Share based payments

Share based payment transactions

Employees (including directors and senior executives) of the Company receive a portion of their remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share based payment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.4 Share based payments *(continued)*

Equity-settled transactions
The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of income (loss) per share.

3.5 Taxation
Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.5 Taxation *(continued)*

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

3.6 Income (Loss) per share

The basic income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. The diluted income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2016 and 2015 all of the outstanding stock options and warrants were antidilutive.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.7 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and marketable securities are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables and promissory note receivable are classified as loans-and-receivables.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's investments are classified as available-for-sale.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3.8 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At December 31, 2016, the Company has not classified any financial liabilities as FVTPL.

3.9 Impairment of financial assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.9 Impairment of financial assets *(continued)*

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

3.10 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.11 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprises cash at banks and on hand and short-term guaranteed investment certificates with maturities of less than 90 days or redeemable at any time with maturities longer than 90 days.

3.12 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.13 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

3.14 Flow-through Shares

The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, “Provisions, Contingent Liabilities and Contingent Assets” measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as a gain as and when the Company incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes).

4. CASH

The cash balance at December 31, 2016, contains cash on deposit with major Canadian banks of $689,013 (2015 - $176,961).

5. MARKETABLE SECURITIES

As at December 31, 2016, marketable securities are comprised of Nil (2015 – Nil, January 1, 2015 – 14,500) common shares of Sandstorm Gold Ltd. (“Sandstorm”), a publicly traded Canadian company traded on the Toronto stock exchange (“TSX”). As at December 31, 2016, these FVTPL investments have been measured at their fair value, as determined by the closing bid price of the securities on December 31, 2016 of $Nil (2015 – $ Nil).

During the year ended December 31, 2016, the Company sold Nil (2015 - 14,500) of Sandstorm for net proceeds of $Nil (2015 - $46,372). The Company recorded a realized loss during year ended December 31, 2016 of $Nil (2015 - $34,628) and a reversal of previously recorded unrealized loss of $Nil (2015 - $24,000) on the sale of these marketable securities.

6. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist solely of harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

As at December 31,		**2016**		2015
HST receivable	**$**	**5,356**	$	4,399
Total trade and other receivables	**$**	**5,356**	$	4,399

At December 31, 2016, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 16.

The Company holds no collateral for any receivable amounts outstanding as December 31, 2016.

7. PROMISSORY NOTE RECEIVABLE

On December 17, 2013, the Company entered into a promissory note receivable (the "Note") whereby it advanced RJK Explorations Inc. ("RJK") a Company traded on the TSX-V $50,000 in return for a Note in the same amount. This Note bears interest at 5% per annum and originally matured on December 17, 2014. On December 17, 2014, 2015 and 2016, the Company rolled over the accrued interest and the principle into a new promissory note receivable of $57,881 under the same terms maturing on December 17, 2017. The balances outstanding on the Note are as follows:

As at December 31,		**2016**		2015
Promissory note receivable	**$**	**58,000**	$	55,125
Write down of promissory note receivable		**(58,000)**		(55,125)
Total promissory note receivable	**$**	**-**	$	-

During the year ended December 31, 2015, the Company recorded a write down of the promissory note receivable as it does not expect to receive these funds in the near future if at all. The Company holds no collateral for this Note outstanding as at December 31, 2016.

8. INVESTMENTS

As at December 31, 2016, Investments include 83,512 (2015 – 83,512) shares of RJK and 23 (2015 - 23) shares of Strategic Resources Inc. ("SRI"), publicly-traded Canadian companies listed on the Toronto stock exchange Venture ("TSXV") adjusted for any share consolidations. As at December 31, 2016, these available-for-sale investments have been measured at their fair value, as determined by the closing bid price of the securities on December 31, 2016 of $7,940 (2015 - $4,186). The impact to the financial statements for the year ended December 31, 2016 for this revaluation to market value resulted in an increase of $3,754 (2015 – $Nil) to the value of the investments with a corresponding decrease in accumulated other comprehensive loss of $3,754 (2015 – $Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Exploration equipment	Office furniture	Total
Cost			
As at December 31, 2014	$ 162,281	$ 36,776	$ 199,057
Additions	82,367	-	82,367
Disposals	(51,400)	-	(51,400)
As at December 31, 2015 and 2016	**$ 193,248**	**$ 36,776**	**$ 230,024**
Accumulated depreciation			
As at December 31, 2014	$ 72,822	$ 34,611	$ 107,433
Depreciation	12,401	433	12,834
Disposals	(3,405)	-	(3,405)
As at December 31, 2015	**$ 81,818**	**$ 35,044**	**$ 116,862**
Depreciation	**22,286**	**346**	**22,632**
As at December 31, 2016	**$ 104,104**	**$ 35,390**	**$ 139,494**
Net book value			
As at December 31, 2015	$ 111,430	$ 1,732	$ 113,162
As at December 31, 2016	**$ 89,144**	**$ 1,386**	**$ 90,530**

10. TRADE AND OTHER PAYABLES

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

As at December 31,	**2016**	2015
Less than 1 month and accruals	**$ 130,921**	$ 53,526
Over 3 months	**255,932**	280,098
Total trade and other payables	**$ 386,853**	$ 333,624

11. 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 years ended December 31, 2016 and 2015 included:

Year Ended December 31	**2016**	2015
Balances:		
Short-term employee benefits	**$ 168,000**	$ 312,000
Total compensation paid to key management	**$ 168,000**	$ 312,000

11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT *(continued)*

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. Management believes that 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 year ended December 31, 2016, the Company was charged $22,000 (2015 - $22,000) 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 December 31, 2016 includes $113,000 (2015 - $61,000) owing to officers, directors and companies controlled by officers and directors.

12. SHARE CAPITAL

(a) Common shares

Mistango's authorized 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 is redeemable by the Company, in whole or in part, at the rate of $1,000 per Series A share. The holders of the Series A shares are not entitled to dividends.

The issued Class A Voting Common Share capital is summarized as follows:

	Number of Shares	Amount
Balance, December 31, 2015 and 2016	**38,073,481**	**$ 21,061,066**

(b) Options

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at December 31, 2016, the Company had 1,572,348 (2015 - 1,572,348) options available for issuance under the Plan.

The options outstanding to purchase common shares are as follows:

	December 31, 2016			December 31, 2015		
	Options		**Weighted Average Exercise Price**	Options		Weighted Average Exercise Price
Outstanding at beginning of year	**2,235,000**	**$**	**0.10**	2,435,000	$	0.10
Transaction during the year						
Forfeited/Expired	**-**		**-**	(200,000)		0.10
Outstanding at end of year	**2,235,000**	**$**	**0.10**	2,235,000	$	0.10
Exercisable at end of year	**2,235,000**	**$**	**0.10**	2,235,000	$	0.10

12. SHARE CAPITAL *(continued)*

(b) Options *(continued)*

The following summarizes information on the stock options outstanding at December 31, 2016:

Range of Exercise Prices ($)	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
0.10	2,235,000	1.76	0.10

13. RESERVES

(a) Share based payments

Reserve for share based payments is comprised of the following:

For the year ended December 31,	2016	2015
Balance, beginning of the year	$ 3,911,594	$ 3,911,594
Balance, end of year	$ 3,911,594	$ 3,911,594

(b) Warrants

Reserve for share based payments is comprised of the following:

For the year ended December 31,	2016	2015
Balance, beginning of the year	$ 800,000	$ 800,000
Balance, end of year	$ 800,000	$ 800,000

There are no outstanding warrants at December 31, 2016 and 2015.

14. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

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

	Year ended December 31,		Cumulative to date *
	2016	2015	
Baldwin, Ontario	$ 1,231	$ 1,307	$ 600,379
Casa Berardi, Quebec	(699,898)	12,483	-
Goldie, Ontario	-	-	513,053
Kirkland West, Ontario	1,208	1,208	260,322
Omega Property, Ontario	40,166	16,150	5,783,640
Sackville, Ontario	119	142,911	888,130
General and other	978	27	113,506
Exploration and evaluation expenditures	$ (656,196)	$ 174,086	$ 8,159,030

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

During the year ended December 31, 2016, the Company sold its Casa Berardi claims located in Western Quebec to Galway Metals Inc. (TSX-V: GWM) (“Galway”) for cash consideration of $700,000. In addition, the Company retained a transferable 1% net smelter royalty (“NSR”) on portions of three claims that comprised the former mining lease, which host the Main Zone and part of the Central Zone. The NSR may be purchased at any time by Galway for $1,000,000.

15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

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*).

During the year ended December 31, 2016, Mistango signed a one-year lease extension on the Kirkland Lake premises. Pursuant to the terms of the renewed lease agreement, the Company is committed to paying approximately $22,245 per year, to a company owned by the President of Mistango.

16. 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 December 31, 2016 include cash, trade and other receivables, promissory note receivable, investments, and trade and other payables. The Company has designated its cash as FVTPL, which are measured at fair value. Cash is 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 receivables, promissory note 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.

16. FINANCIAL INSTRUMENTS *(continued)*

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, receivables and promissory note receivable 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 December 31, 2016, 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 December 31, 2016. 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 December 31, 2016 is the carrying value of cash and cash equivalents and trade and other receivables.

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 December 31, 2016, the Company had current assets of $694,369 (2015 - $181,360) to settle current liabilities of $386,853 (2015 - $333,624). 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 December 31, 2016, the Company had working capital of $307,516 (2015 – deficiency of $152,264).

Price risk
The Company holds common shares of companies traded on the TSXV. The Company has classified these investments 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

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

i. The Company's investments (2015 – included marketable securities as well) are subject to fair value fluctuations. As at December 31, 2016, if the fair value of the investments (2015 – marketable securities as well) had decreased/increased by 10% with all other variables held constant, net comprehensive income (loss) for the year ended December 31, 2016 would have been approximately $1,000 (2015 - $Nil) higher/lower.

17. CAPITAL MANAGEMENT

The Company's objectives in managing its capital are: to maintain adequate levels of funding to support its expenditures arising from the Company's investments; to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties; to maintain a flexible capital structure for its projects for the benefit of its stakeholders; to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, accumulated deficit and accumulated other comprehensive income, which as at December 31, 2016 totaled $405,986 (2015 – deficiency of $34,916).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. The Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

The Company expects its capital resources will be sufficient to carry out its exploration plans and operations through its current operating period. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2016. The Company is not subject to externally imposed capital requirements.

18. INCOME TAXES

Future Income Tax Recovery

The Company's income tax provision differs from the amount resulting from the application of the Canadian statutory income tax rate. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
	$	$
Income (Loss) before income taxes	**437,148**	(573,058)
Combined Statutory rate	**26.50%**	26.50%
Estimated recovery of income taxes	**116,000**	(152,000)
Non-taxable portion of capital gains/losses	**-**	9,000
Change in tax assets not recognized	**(116,000)**	143,000
Future income tax recovery	**-**	-

The Canadian statutory income tax rate of 26.5% (2015 – 26.5%) is comprised of the federal income tax rate at approximately 15.0% (2015 – 15.0%) and the provincial income tax rate of approximately 11.5% (2015 – 11.5%).

18. INCOME TAXES *(continued)*

The primary differences which give rise to the deferred income tax assets at December 31, 2016 and 2015 are as follows:

	2016	2015
	$	$
Deferred income tax assets		
Share issuance costs and other	**-**	1,000
Exploration and evaluation expenditures	**2,038,000**	2,025,000
Property, plant and equipment	**83,000**	77,000
Capital losses carried forward	**188,000**	189,000
Non-capital losses carried forward	**1,080,000**	1,213,000
	3,389,000	3,505,000
Less : tax assets not recognized	**(3,389,000)**	(3,505,000)
Net deferred income tax assets	**-**	-
Deferred income tax liabilities		
	-	-
Net deferred income tax liability	**-**	-

The Company has available for carry forward non-capital losses of $4,074,000 (2015 - $4,575,000). These non-capital losses carry forwards expire over the next 20 years as follows:

	$
2029	**1,675,000**
2030	**893,000**
2032	**754,000**
2034	**399,000**
2035	**353,000**
	4,074,000

In addition, the Company has available for carry forward indefinitely capital losses of $809,000 (2015 - $809,000).

As at December 31, 2016, the Company has cumulative Canadian exploration and evaluation expenditures (“CCEE”) and cumulative Canadian development expenditures (“CCDE) totaling $7,686,000 (2015 - $7,643,000) which are available to reduce taxable income of future years. The CCEE and CCDE balances can be carried forward indefinitely. In addition, the unamortized balance, for income tax purposes, of share issuance costs amounts to approximately $Nil (2015 - $3,000).

Deferred tax benefits which may arise as a result of these losses and expenditures have not been recognized in these financial statements.

MISTANGO RIVER
RESOURCES

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

December 31, 2016

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 April 28, 2017. This MD&A should be read in conjunction with the Company's audited financial statements and the related notes for the years ended December 31, 2016 and 2015. 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.

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 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 July 2016, , the Company sold its Casa Berardi claims located in Western Quebec to Galway Metals Inc. (TSX-V: GWM) ("Galway") for cash consideration of $700,000. In addition, the Company retained a transferable 1% net smelter royalty ("NSR") on portions of three claims that comprised the former mining lease, which host the Main Zone and part of the Central Zone. The NSR may be purchased at any time by Galway for $1,000,000.
- 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
			Total Indicated	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
			Total Inferred	365,400

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

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 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 2017, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. The Company does see 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 and Uncertainties".

Selected Annual Financial Information

Expressed in Canadian dollars, except share amounts	December 31, 2016 $	December 31, 2015 $	December 31, 2014 $
Cash	689,013	176,961	581,940
Property, plant and equipment	90,530	113,162	91,624
Total assets	792,839	298,708	808,914
Working capital (deficiency)	307,516	(152,264)	442,332
Cash provided from (used in) from operations	512,052	(416,979)	(638,216)
Common shares outstanding	38,073,481	38,073,481	38,073,481
Operating expenses	437,148	507,305	662,666
Net income (loss)	437,148	(573,058)	(672,666)
Other comprehensive income (loss)	3,754	-	(20,868)
Net income (loss) per share- basic and diluted	0.01	(0.02)	(0.02)
Dividends paid	0.00	0.00	0.00

Selected Quarterly Information

	2016 Q4 $	2016 Q3 $	2016 Q2 $	2016 Q1 $
Expenses	76,658	(654,340)	71,048	69,486
Net income (loss)	(76,658)	654,340	(71,048)	(69,486)
Basic and fully diluted loss per share	(0.00)	0.02	(0.00)	(0.00)

	2015 Q4 $	2015 Q3 $	2015 Q2 $	2015 Q1 $
Expenses	83,902	112,490	176,095	134,818
Net loss	(139,027)	(119,118)	(182,095)	(132,818)
Basic and fully diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

Results of Operations

Three months ended December 31, 2016 and 2015

For the three month period ended December 31, 2016, the Company posted net loss of $76,658 compared to net loss of $139,027 in the same period in 2015. Net loss per share was 0¢ (2015 – 0¢). The difference in net loss is mainly a result of a write off of promissory note receivable of $55,125 in the period ended 2015.

General office expenses for the three month period ended December 31, 2016 were $13,302 (2015 - $12,462), professional fees and consulting increased in the three month period ended December 31, 2016 to $11,000 (2015 - $10,500) and shareholder information expenses decreased in the three month period ended December 31, 2016 to $2,624 (2015 - $2,876) due to the Company minimizing all costs are only incurring essential service costs.

Salaries, fees and benefits for the three month period ended December 31, 2016 were $15,000 (2015 - $37,095). The decrease is a result of management eliminating all non-essential staff and costs. In addition, the president and CEO had elected to reduce his salary in 2016 until financial conditions of the Company improve.

Exploration and evaluation expenditures increased in the three month period ended December 31, 2016 to $29,076 (2015 - $8,135) as management continued to advance its Omega property. In the coming quarter, these expenditures are expected to be less than $30,000 as management continues to look at ways to preserve its current working capital.

Years ended December 31, 2016 and 2015

For the year ended December 31, 2016, the Company posted net income of $437,148 compared to net loss of $573,058 in the same period in 2015. Net income per share was 1¢ (2015 – loss of 2¢). The current year net income is mainly a result of exploration and evaluation expenditure recoveries.

General office expenses for the year ended December 31, 2016 were $43,335 (2015 - $38,933), professional fees and consulting decreased in the year ended December 31, 2016 to $42,682 (2015 - $54,182) due to lower legal costs in the period and shareholder information expenses decreased in the year ended December 31, 2016 to $15,635 (2015 - $27,816) due to lower investor relations services in the year.

Salaries, fees and benefits for the year ended December 31, 2016 were $94,764 (2015 - $199,454). These fees are expected to decrease in the coming year. In addition, the president and CEO has elected to reduce his salary in 2016 until financial conditions of the Company improve.

Exploration and evaluation expenditures decreased in the year ended December 31, 2016 to a recovery of $656,196 (2015 – expense $174,086) as a result of the sale of the Company's Casa Berardi claims for cash proceeds of $700,000. The Company has currently put all of its properties on care and maintenance as it seeks out additional financing and better market conditions.

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 December 31, 2016, the Company had cash of $689,013 (2015 - $176,961), working capital of $307,516 (2015 – deficiency of $152,264). 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 around $30,000. 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.

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 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 years ended December 31, 2016 and 2015:

	Year ended December 31, 2016	2015	Cumulative to date *
Baldwin, Ontario	**$ 1,231**	**$ 1,307**	**$ 600,379**
Casa Berardi, Quebec	**(699,898)**	**12,483**	**-**
Goldie, Ontario	**-**	**-**	**513,053**
Kirkland West, Ontario	**1,208**	**1,208**	**260,322**
Omega Property, Ontario	**40,166**	**16,150**	**5,783,640**
Sackville, Ontario	**119**	**142,911**	**888,130**
General and other	**978**	**27**	**113,506**
Exploration and evaluation expenditures	**$ (656,196)**	**$ 174,086**	**$ 8,159,030**

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

Omega Property

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:

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Kirkland West Property

The Company is reviewing all its historical work on this property to outline an exploration program in future.

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 or the company's website at www.mistangoriverresources.com.

General

The Company has no exploration or evaluation work planned for its other exploration properties during 2017. 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 2017.

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.

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:

Going concern assumption

Going concern presentation of the consolidated financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

Measurement of financial instruments under Level 1 of the fair value hierarchy

Management also are required to make judgments on whether marketable securities have sufficient trading volume and reasonable bid-ask spread to determine if they are active enough to be measured at Level 1 of the fair value hierarchy or if other levels are more appropriate.

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 Company 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.

Decommissioning provisions

These are made based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions on a quarterly basis. Actual rehabilitation costs will ultimately depend on actual future settlement amount for the rehabilitation costs which will reflect the market condition at the time of the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

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 years ended December 31, 2016 and 2015 included:

Year Ended December 31		**2016**		2015
Balances:				
Short-term employee benefits	**$**	**168,000**	$	312,000
Total compensation paid to key management	**$**	**168,000**	$	312,000

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. Management believes that 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 year ended December 31, 2016, the Company was charged $22,000 (2015 - $22,000) 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 December 31, 2016 includes $113,000 (2015 - $61,000) owing to officers, directors and companies controlled by officers and directors.

Additional Disclosure for Venture Companies without Significant Revenue

Year ended December 31,		2016		2015
Exploration and evaluation expenditures in the year				
Government fees	**$**	**5,428**	$	5,436
Proceeds from sale of property		**(699,985)**		-
Drilling		**-**		39,542
Assays, surveys, maps		**-**		11,353
Travel		**-**		5,859
Equipment rental		**119**		2,969
Project administration		**38,242**		108,612
Other		**-**		315
	$	**(656,196)**	$	174,086

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 April 28, 2017	Outstanding
Class A common shares issued	**38,073,481**
Shares issuable pursuant to:	
Stock options	**2,235,000**
Fully diluted	**40,308,481**

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.

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 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 is business.

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 December 31, 2016 include cash, trade and other receivables, promissory note receivable, investments, and trade and other payables. The Company has designated its cash and marketable securities as FVTPL, which are measured at fair value. Cash is 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 receivables, promissory note 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, receivables and promissory note receivable 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 December 31, 2016, 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 December 31, 2016. 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 December 31, 2016 is the carrying value of cash and cash equivalents, trade and other receivables and promissory note receivable.

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 December 31, 2016, the Company had current assets of $694,369 (2015 - $181,360) to settle current liabilities of $386,853 (2015 - $333,624). 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 December 31, 2016, the Company had working capital of $307,516 (2015 – deficiency of $152,264).

Price risk

The Company holds common shares of companies traded on the Toronto stock exchange Venture. The Company has classified some of these investments 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 December 31, 2016, should be read in conjunction with the audited financial statements and related notes for the years ended December 31, 2016 and 2015. Additional information will be accessible at the Company's website www.mistangoriverresources.ca or through the Company's public filings at 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 audited financial statements with management. The Board of Directors has approved these audited financial statements on the recommendation of the Audit Committee.

"Robert J. Kasner"
President and Chief Executive Officer

April 28, 2017