MISTANGO RIVER RESOURCES

Audited Financial Statements
For the Years Ended
December 31, 2018 and 2017

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For the years ended December 31, 2018 and 2017

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 thatthe 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	*"Carina Da Mota"*, CFO
Robert J. Kasner	Carina Da Mota

Independent Auditor's Report

To the Shareholders of
Mistango River Resources Inc.

Opinion

We have audited the accompanying financial statements of Mistango River Resources Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of loss and comprehensive loss, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mistango River Resources Inc.as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which describe the events and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended December 31, 2017 were audited by another auditor who expressed an unqualified opinion on those statements on April 27, 2018.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going-concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Spence Walker.

Kreston GTA LLP

April 30, 2019
Markham, Canada

Chartered Professional Accountants
Licensed Public Accountants

Mistango River Resources Inc.

Audited Statements of Financial Position

(Expressed in Canadian dollars)

As at December 31,		**2018**		2017
Assets				
Current				
Cash	**$**	**12,983**	$	366,683
Due from related parties *(Note 7)*		**14,635**		-
HST recoverable		**4,798**		10,173
		32,416		376,856
Investments *(Note 4)*		**3,345**		5,433
Equipment *(Note 5)*		**57,940**		72,425
	$	**93,701**	$	454,714
Liabilities				
Current				
Accounts payable and accrued liabilities *(Note 6)*	**$**	**24,708**	$	385,068
Equity (Deficiency in Assets)				
Share capital *(Note 10)*		**21,061,066**		21,061,066
Reserves *(Note 10)*		**4,746,594**		4,711,594
Deficit		**(25,704,414)**		(25,670,849)
Accumulated other comprehensive loss *(Note 4)*		**(34,253)**		(32,165)
		68,993		69,646
	$	**93,701**	$	454,714

Nature of Operations and Going Concern (Note 1)

Approved by the Board:

*"Robert J. Kasner"*________________, Director

*"Michael Demers"*________________, Director

The accompanying notes are an integral part of these audited financial statements

Mistango River Resources Inc.

Audited Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Years Ended December 31,	**2018**	2017
Expenses		
Management and consulting fees	**$ 92,000**	$ 99,000
Salaries	**15,615**	33,616
Share-based compensation *(Note 10)*	**35,000**	-
Professional fees	**7,775**	6,316
Office, general and administrative	**33,982**	40,380
Shareholder Information	**23,888**	20,525
Amortization *(Notes 5)*	**14,485**	18,105
Exploration and evaluation expenditures *(Notes 11)*	**212,323**	179,587
Interest revenue	**(804)**	(5,696)
Gain on sale of Surface Rights Only (SRO) *(Note 9)*	**(35,078)**	-
Reversal of provisions *(Note 8)*	**(365,621)**	(58,000)
Net Loss	**(33,565)**	(333,833)
Unrealized loss on investments *(Note 4)*	**(2,088)**	(2,507)
Comprehensive Loss	**$ (35,653)**	$ (336,340)
Basic and fully diluted net loss per share	**$ 0.001**	$ 0.009
Basic and fully diluted comprehensive loss per share	**0.001**	0.009
Basic and fully diluted weighted average number of common shares outstanding (000's)	**38,073**	38,073

The accompanying notes are an integral part of these audited financial statements

Mistango River Resources Inc.

Audited Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital					
	Number of Shares	**Amount**	**Reserves**	**Deficit**	**Accumulated Other Comprehensive Loss**	**Total**
Balance at December 31, 2016	38,073,481	$ 21,061,066	$ 4,711,594	$ (25,337,016)	$ (29,658)	$ 405,986
Net loss	-	-	-	(333,833)	-	(333,833)
Unrealized loss on investments	-	-	-	-	(2,507)	(2,507)
Balance at December 31, 2017	38,073,481	21,061,066	4,711,594	(25,670,849)	(32,165)	69,646
Net loss	-	-	-	(33,565)	-	(33,565)
Share-based compensation	-	-	35,000	-	-	35,000
Unrealized loss on investments	-	-	-	-	(2,088)	(2,088)
Balance at De ember 31, 2018	**38,073,481**	**$ 21,061,066**	**$ 4,746,594**	**$ (25,704,414)**	**$ (34,253)**	**(68,993)**

The accompanying notes are an integral part of these audited financial statements

Mistango River Resources Inc.

Audited Statements of Cash Flows

(Expressed in Canadian dollars)

Years Ended December 31,	**2018**	2017
Operating		
Net loss	**$ (33,565)**	$ (333,833)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share-based compensation	**35,000**	-
Gain on sale of Surface Rights Only (SRO) *(Note 9)*	**(35,078)**	-
Reversal of provisions	**(365,621)**	(58,000)
Amortization	**14,485**	18,105
Interest accretion on promissory note receivable	**-**	(1,247)
Net change in non-cash operating working capital items:		
Due from related parties	**(14,635)**	(4,817)
HST recoverable	**5,375**	-
Accounts payable and accrued liabilities	**5,261**	(1,785)
Cash Used in Operating Activities	**(388,778)**	(381,577)
Investing		
Proceeds received form promissory note receivable	**-**	59,247
Proceeds from sale of Surface Rights Only (SRO), net of disposition costs *(Note 9)*	**35,078**	-
Cash Provided by Investing Activities	**35,078**	59,247
Net Decrease in Cash	**(353,700)**	(322,330)
Cash at beginning of year	**366,683**	689,013
Cash at End of Year	**$ 12,983**	$ 366,683

The accompanying notes are an integral part of these audited 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, Ontario P2N 3J5. Mistango's principal business is the acquisition and exploration of mineral properties. To date, the Company has not earned significant revenue as it is 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, 2018, the Company had cash of $12,983 (December 31, 2017 - $366,683), a working capital of $7,708 (December 31, 2017 - working capital deficiency $8,212), had not yet achieved profitable operations, had accumulated losses of $25,704,414 (December 31, 2017 - $25,670,849) 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 based on accounting principles applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Exploring for minerals involves a high degree of risk, as such there is neither a guarantee that the Company's exploration programs will yield positive results nor 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 is not appropriate, adjustments may be necessary to the carrying value of the Company's assets and liabilities, reported 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 its exploration and evaluation assets, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or to dispose of its interests on an advantageous basis.

The Company has taken steps to verify title to exploration and evaluation assets, in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties. These procedures, however, do not guarantee the Company's title to these assets. 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

These audited financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements were approved and authorized by the Board of Directors of the Company on April 30, 2019.

2.2 Basis of presentation

The financial statements have been prepared on the historical cost basis except 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 New and amended accounting standards

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in final form in July 2014 by the IASB and replaces IAS 39, Financial Instruments - Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple in IAS 39. The approach in IFRS 9 is based on how an entity manages in financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method used, replacing the multiple impairment methods in IAS 9. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements are expected to be of particular interest to non-financial institutions. The adoption of this IFRS is reflected in the financial statements.

IFRS 16, Leases ("IFRS 16")

IFRS 16 was issued in January 2016, and replaces IAS 17, Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. The most significant effect expected of the new requirements will be an increase in lease assets and financial liabilities for lessees with material off-balance sheet leases. IFRS 16 is required for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company didn't early adopt IFRS 16.

2. BASIS OF PREPARATION *(Continued)*

2.4 Use of management estimates, judgements and measurement uncertainty

The preparation of these financial statements using accounting policies consistent with IFRS requires management to make judgements and estimates and develop assumptions that affect the reported amounts of assets and liabilities, 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 the valuation of deferred tax amounts and the calculation of share-based payments. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

Allowance for expected credit losses
The determination of the Company's expected credit losses is a complex calculation that depends on several highly related variables, and it is subject to significant management judgement (note 3.8).

Going concern assumption
The 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 business.

Measurement of financial instruments under Level 1 of the fair value hierarchy
Management is 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
The Black-Scholes option pricing model is used to determine the fair value of the share-based payments. This model utilizes subjective assumptions such as expected price volatility and expected life of the option. Discrepancies in these input assumptions may significantly affect the fair value estimate of share-based payments.

Income taxes
Canadian income tax legislation, and regulations are subject to changes 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 may be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Exploration and evaluation assets

All acquisition and exploration costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves. If and when it is determined that a particular property has economically recoverable reserves then subsequent exploration costs to improve the definition of the recoverable ore as well as mine development costs may be capitalized.

3.2 Equipment

Equipment is recorded at cost net of accumulated depreciation and impairment losses, if any. The cost of the Company’s equipment is represented by its purchase price from the supplier. Amortization is provided using the declining balance method over the assets estimated useful life at the rate of 20% per annum.

3.3 Share-based payments

Share-based payment transactions

The Company’s employees, including directors and senior executives, may, from time to time, receive additional remuneration in the form of share-based payments whereby employees render services as consideration for equity instruments (“equity-settled transactions”). In situations where equity instruments are issued, and the services received by the entity cannot estimate reliably, then the Company measures the value of the services received, and the corresponding increase in equity, indirectly, be reference to the fair value of equity instruments granted.

Equity-settled transactions

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 charge to operations for a reporting 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 the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. When 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 outstanding options were excluded in the computation of loss per share as their effect would be anti-dilutive.

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

3.4 Taxation

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

Current income taxes

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

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

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 both the income tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position. Deferred income taxes relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive loss.

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.

3.5 Financial assets

The Company classifies its financial assets into three categories, depending on the cash flow characteristics of the assets and the business objective for managing the assets. Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. The Company's accounting policy for each category is as follows:

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

3.5 Financial assets *(Continued)*

Amortized cost - Assets are held within a business model with the objective of collecting their contractual cash flow; and the contractual cash flows consist solely of payments of principal and interest. They are recognized initially at fair value plus directly attributable transaction costs, and subsequently measured at amortized cost less cumulative impairment losses. A gain or loss on a debt investment is recognized in profit and loss when the asset is derecognized or impaired.

Fair value through other comprehensive income ("FVTOCI") – Assets are held within a business model that includes both hold to collect their contractual cash flow and sell the assets; and the contractual cash flows consist solely of payments of principal and interest. For debt instruments measured at FVTOCI, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses are recognized directly in profit or loss. The cumulative fair value gains or losses recognized in OCI are reclassified to profit or loss when the asset is derecognized. An election may be made to classify an equity investment, that is neither held for trading nor represents contingent consideration recognized by an acquirer in a business combination, as held at FVTOCI. The option to designate an equity instrument at FVTOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in OCI except dividend income which is recognized in profit or loss.

Fair value through profit and loss ("FVTPL") - Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a financial asset measured at FVTPL that is not part of a hedging relationship is recognized in profit and loss and presented on a net basis in the period in which it arises. IFRS 9 contains an option to designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial asset at FVTPL is available at initial recognition and is irrevocable.

Financial assets should be reclassified when and only when an entity changes its business model for managing financial assets. Any such reclassifications are applied prospectively from the date of the reclassification.

3.6 Financial liabilities

Under IFRS 9,financial liabilities are primarily classified at amortized cost with limited exceptions. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires. The Company's accounting policy for each category is as follows:

FVTPL - This category comprises derivatives, liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term, and certain financial liabilities that were designated at FVTPL from inception. IFRS 9 contains an option to designate a financial liability as measured at FVTPL if doing so eliminates or significantly reduces an 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The option to designate a financial liability at FVTPL is available at initial recognition and is irrevocable.

Amortized cost - Financial liabilities are recognized initially at fair value net of directly attributable transaction costs. They are subsequently recognized at amortized cost using effective interest method with interest expense recognized on an effective yield basis.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

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

3.7 Fair value hierarchy

IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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); and

Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of the financial assets and liabilities at December 31, 2018 is as follows:

Financial Instrument	Classification under IAS 39	Classification under IFRS 9
Cash	FVTPL	Amortized cost
Due from related parties	Loans and receivables	Amortized cost
Investments	Available-for-sale	FVTOCI
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Investments are represented by equity instruments in Canadian based companies whose shares are traded on a recognized Canadian Stock exchange and classified as Level 1.

3.8 Allowance for expected credit losses

IFRS 9 Financial instruments introduces an expected credit loss ("ECL") impairment model applicable to all debt instruments within financial assets classified as amortized cost or at fair value through other comprehensive income ("FVTOCI"), as well as certain off-balance sheet loan commitments. The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated allowance is designed to be an unbiased and probability-weighted amount that has been determined by: evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions. Prior to January 1, 2018, credit losses were recognized under an incurred loss model under IAS 39. The IFRS 9 ECL approach has three stages:

Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses resulting from default events over the next 12 months is recognized and interest revenue is calculated on the assets' gross carrying amounts;

Stage 2 – includes financial instruments that have had significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime;

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

3.8 Allowance for expected credit losses *(Continued)*

Stage 3 – includes financial instruments that have objective evidence of impairment at the reporting date. The lifetime ECL is recognized and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

3.9 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible 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 to determine the extent of the impairment loss, if any.

3.10 Provisions

Provisions are recognized when the Company has a legal or constructive present obligation that has arisen as a result of past events 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 recognized at the best estimate of the expenditures required to settle the present obligation at the end of the reporting period. Where the effect of the time value is material, the amount of provision will be presented at the present value using a pre-tax discount 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.

3.11 Related party transactions

A party is considered to be related to the Company if the party has the ability, directly or indirectly, to control the Company; or exercise significant influence over the Company in making financial and operating decisions; or is a member of the key management personal of the Company or of a parent of the Company. 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 related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

3.12 Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The fully diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended December 31, 2018 and 2017 the outstanding stock options were antidilutive.

(Expressed in Canadian dollars)

4. INVESTMENTS

Investments are represented by equity instruments in Canadian based companies whose shares are traded on a recognized Canadian stock exchange. These FVTOCI investments have been measured at their fair value as determined by the closing bid price of the securities on reporting dates with corresponding changes of fair value in accumulated other comprehensive loss. These investments are summarized as followed:

	No. of Shares	2018	2017
Cost of investments in publicly listed companies			
RJK Explorations Ltd.	83,512	**$ 37,580**	$ 37,580
Strategic Resources Inc.	23	**18**	18
Provision for unrealized losses included in other comprehensive loss		**(34,253)**	(32,165)
		$ 3,345	$ 5,433

5. EQUIPMENT

Equipment is comprised of the following:

	Exploration Equipment	Office Furniture and Equipment	Total
Cost			
As at December 31, 2016, 2017 and 2018	$ 193,248	$ 36,776	$ 230,024
Accumulated amortization			
Balance at December 31, 2016	$ 104,104	$ 35,390	$ 139,494
Amortization expense	17,828	277	18,105
Balance at December 31, 2017	121,932	35,667	157,599
Amortization expense	14,263	222	14,485
Balance at December 31, 2018	**$ 136,195**	**$ 35,889**	**$ 172,084**
Net book value			
Balance at December 31, 2017	$ 71,316	$ 1,109	$ 72,425
Balance at December 31, 2018	**$ 57,053**	**$ 887**	**$ 57,940**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. Normal credit terms for trade is thirty days, except for amounts due from related parties which voluntarily extended by the related party.

(Expressed in Canadian dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES *(Continued)*

The following is a summary aging analysis of these liabilities:

As at December 31,		**2018**		2017
Less than 1 month	**$**	**20,075**	$	19,447
31 to 90 days		**3,537**		-
Less than 1 year		**1,096**		
Over 1 year				
Due to a related company		**-**		112,500
Provision for Part XII.6 tax and related indemnities		**-**		253,121
	$	**24,708**	$	385,068

The amount due to a related private company is owing to a company that is controlled by Mistango's CEO and director. The amount owing is for management fees charged by the related company for the services of Mistango's CEO during the year ended December 2015 and 2016. The Company reversed the accrued management fees to the statement of loss during the year ended December 31, 2018 with the agreement of this private company.

The provision for Part XII.6 tax and related indemnities was initially recorded during the year ended December 2008 and 2009. The provision was recorded as it appeared likely that Mistango may not have been able to fulfill its flow-through obligations with respect to specific equity financings. Due to the passage of time Mistango concluded that this provision is no longer required, as such it was reversed to the statement of loss during the year ended December 31, 2018.

7. DUE FROM RELATED PARTIES AND TRANSACTIONS

The due from related parties, which are due under normal trade terms, is comprised of the following:

As at December 31,		**2018**		2017
Due from RJK Explorations Ltd. for its share of salaries and other shared costs	**$**	**3,053**	$	-
Due from Mistango's C.O.O.		**11,582**		-
	$	**14,635**	$	-

RJK Explorations Ltd is a junior mineral exploration company listed on the TSX-Venture exchange and has some key management members as the Company.

Key management includes the Company's directors, officers, and employees with the authority and responsibility for either directly or indirectly planning, directing and controlling the activities of the Company. Compensation awarded to key management during the years ended December 31, 2018 and 2017 included:

(Expressed in Canadian dollars)

7. DUE FROM RELATED PARTIES AND TRANSACTIONS *(Continued)*

During the years ended December 31,		**2018**		2017
Short-term employee compensation included in exploration and evaluation expenditures	**$**	**97,413**	$	154,000
Management fees for CEO's services		**60,000**		60,000
Consulting fees for former CFO's services		**24,000**		39,000
Share based compensation		**35,000**		-
Total compensation paid to key management	**$**	**216,413**	$	253,000

A corporate entity that is controlled by Mistango's CEO and director rents commercial office space to Mistango. During the year ended December 31, 2018, the Company incurred $22,245 (2017 - $22,245) in premises rent with this related company. Mistango rents this office on a month-to-month basis.

The Company shared an administrative employee with a related company, RJK Explorations Ltd., until July 2018 when this employee was terminated. During the year ended December 31, 2018 Mistango charged this related company $15,750 for this employee's services on a cost recovery basis. As at December 31, 2018 this related company owed Mistango $2,250 for this employee's services.

Accounts payable and accrued liabilities at December 31, 2018 includes $5,000 (2017 - $112,500) (note 6) owning to officers, directors and companies controlled by officers and directors.

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.

8. REVERSAL OF PROVISIONS

The reversal of provisions includes the following:

During the years ended December 31,		**2018**		2017
Reversal of provision for promissory note receivable	**$**	**-**	$	58,000
Reversal of provision for Part XII.6 taxes and related indemnities (note 6)		**253,121**		-
Reversal of accrued management fees (note 6)		**112,500**		-
Total	**$**	**365,621**	$	58,000

During the year ended December 31, 2017, Mistango reversed 100% of an impairment provision of $58,000, which was initially recorded to reflect a potential loan loss on a promissory note receivable from RJK Explorations Ltd. This reversal was required to reflect the fact that in fiscal 2017 Mistango realized and collected 100% of this promissory note receivable.

9. GAIN ON SALE OF SURFACE RIGHTS ONLY (SRO)

During the year ended December 31, 2018, Mistango sold Surface Rights Only on one of its properties for gross proceeds of $37,500. The Company incurred legal costs of $2,422 on this transaction.

(Expressed in Canadian dollars)

10. SHARE CAPITAL

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.

Options

Mistango has a stock option plan (the "Plan") under which its directors may grant options to directors, officers, employees, and consultants of the Company. The maximum number of common share options that may be issued and outstanding under the Plan may not exceed 10% of the issued shares. As at December 31, 2018, the Company had 2.3 million options available for issuance under the Plan.

Options outstanding to purchase common shares are as follows:

As at December 31,	**2018**			2017		
	Options		**Weighted Average Exercise Price**	Options		Weighted Average Exercise Price
Outstanding at beginning of the period	**1,590,000**	$	0.10	2,235,000	$	0.10
Transactions during the year						
Issued	**2,100,000**		0.10	-		-
Expired	**(895,000)**		0.10	-		-
Forfeited	**(1,295,000)**		0.10	(645,000)		0.10
Outstanding and Exercisable at End of Period	**1,500,000**	$	0.10	1,590,000	$	0.10

The weighted average remaining life of the options outstanding is 4.0 years, which have a weighted average exercise price of $0.10.

The fair value of options issued was estimated on the date of grant. The following are the values and assumptions used as inputs into Black-Scholes options pricing model at the measurement date for the year ended December 31, 2018:

Grant Date	January 10, 2018
Options Issued	2,100,000
Risk-free interest rate	1.95%
Expected life	5 years
Exercise price	$0.10
Price volatility	175%
Dividend yield	Nil
Forfeiture rate	64.4%
Vesting	Immediately
Share based compensation	$35,000

(Expressed in Canadian dollars)

10. SHARE CAPITAL *(Continued)*

RESERVES

The composition of Mistango's reserves is as follows:

	Options	Warrants	Reserves	Total
As at December 31, 2017 and 2016	$ 3,911,594	$ 800,000	$ -	$ 4,711,594
Options issued	35,000			35,000
Transfer of expired/forfeited options and expired warrants to reserves	(3,911,594)	(800,000)	4,711,594	-
As at December 31, 2018	$ 35,000	$ -	$ 4,711,594	$ 4,746,594

11. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenditures incurred during the year, and since project inception, for each property is as follows:

	Years Ended December 31,		
Property	**2018**	2017	**Cumulative Since Project Inception**
Baldwin, Ontario	**$ 2,741**	$ 1,333	$ 604,453
Goldie, Ontario	**-**	-	513,053
Kirkland West, Ontario	**2,356**	1,208	263,886
Omega Property, Ontario	**-**	90,630	5,874,270
Sackville, Ontario	**207,226**	86,272	1,181,628
Other	**-**	144	113,650
	$ 212,323	$ 179,587	$ 8,550,940

12. 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 of 26.5%. A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates is as follows:

Year ended December 31,	2018	2017
Loss	**(33,565)**	(333,833)
Income taxes recovery at the statutory tax rate	**$ (8,900)**	$ (88,400)
Exploration and evaluation expenditures capitalized for income tax purposes	**56,300**	47,600
Reversal of impairment provision for Part XII.6 tax and related indemnities	**(96,900)**	-
Reversal of impairment provision for promissory note receivable	**-**	(15,400)
	(49,500)	(56,200)
Provision for deferred income tax asset	**49,500**	56,200
Income tax expense	**$ -**	$ -

(Expressed in Canadian dollars)

12. INCOME TAXES *(Continued)*

The composition of Mistango's deferred tax asset is as follows:

As at December 31,	**2018**	2017
Exploration and evaluation assets	**$ 2,139,200**	$ 2,085,000
Equipment	**92,000**	88,000
Non-capital losses carry forward	**1,203,200**	1,131,000
Capital losses carry forward	**244,800**	182,000
Deferred tax asset	**3,679,200**	3,486,000
Deferred tax asset impairment provision	**(3,679,200)**	(3,486,000)
	$ -	$ -

13. 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 properties.

The Company manages its capital structure and adjusts it, based on the funds available to the Company. The Board of Directors does not establish a 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 Mistango 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. Mistango will continue to assess new properties and seek to acquire an interest in additional properties if it decides that 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 relatively small size of its operations, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS

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

Interest-rate risk
Mistango maintains excess cash balances in an interest-bearing bank account at a major Canadian financial institution.

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 the due from related parties. The Company has no material concentration of credit risk arising from operations. Cash consists of two bank deposits, of which one is an interest-bearing account held at a major Canadian financial institution. Management believes the risk of loss is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2018, the Company had current assets of $32,416 (December 31, 2017 - $376,856) to settle current liabilities of $24,708 (December 31, 2017 - $385,068). 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. The Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal terms of trade. However, amounts included in accounts payable and accrued liabilities that are due to related parties have extended terms of repayment as these parties have informally agreed to not request payment.

Price risk
The Company holds common shares of companies traded on the CSE and TSX-V. These investments, which are classified as FVTOCI financial instruments, are subject to stock market volatility. The value of these financial instruments fluctuates daily due to external market factors that are not within the Company's control.

Sensitivity analysis
The Company's investments are subject to fair value fluctuations. As at December 31, 2018, if the fair value of the investments had changed by 10%, with all other variables held constant, the change in net comprehensive loss for the year ended December 31, 2018 would have been insignificant.

15. RECLASSIFICATIONS

Certain of the prior year's accounts have been reclassified to conform to the presentation adopted in the current year.