



# **MISTANGO RIVER**

R E S O U R C E S

**Condensed Interim Financial Statements** *(Unaudited)*

**Nine Months Ended**

**September 30, 2019 and 2018**

### ***Management's responsibility for financial reporting***

The accompanying condensed interim financial statements of Mistango River Resources Inc. (the "Company" or "Mistango") were prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 2 of the condensed interim financial statements.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the interim condensed financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of September 30, 2019 and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim 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 condensed interim 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 condensed interim 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.

### ***Management's assessment of internal control over financial reporting ("ICFR")***

Management is also 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.

*("signed")*

(Stephen Stewart)

CEO

*("signed")*

(Jeffrey Potwarka)

CFO

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

**Mistango River Resources Inc.**  
**Condensed Interim Statements of Financial Position (Unaudited)**  
*(Expressed in Cdn\$)*

<i>As at</i>	<b>September 30, 2019</b>	December 31, 2018
<b>Assets</b>		<i>(Audited)</i>
<b>Current</b>		
Cash	\$ 200,755	\$ 12,983
Due from related parties <i>(Note 7)</i>	348	14,635
HST recoverable	77,487	4,798
Prepaid expense	11,250	--
	<b>289,840</b>	32,416
<b>Investments <i>(Note 4)</i></b>	<b>7,111</b>	3,345
<b>Property, plant and equipment <i>(Note 5)</i></b>	<b>49,246</b>	57,940
	<b>\$ 346,197</b>	\$ 93,701
<b>Liabilities</b>		
Promissory note <i>(Note 3)</i>	\$ 50,000	\$ -
Accounts payable and accrued liabilities <i>(Note 6)</i>	412,445	24,708
	<b>462,445</b>	24,708
<b>Shareholders' Equity (Deficiency)</b>		
Common share capital <i>(Note 8)</i>	21,382,414	21,061,066
Share-based payments reserve	70,000	70,000
Contributed surplus	4,676,594	4,676,594
Deficit	(26,214,769)	(25,704,414)
Accumulated other comprehensive loss	(30,487)	(34,253)
	<b>(116,248)</b>	68,993
	<b>\$ 346,197</b>	\$ 93,701

*Nature of Operations and Going Concern (Note 1)*

*Commitment (Note 15)*

*Events Subsequent to Period End (Note 16)*

Approved on behalf of the Board on November 29, 2019:

"Stephen Stewart" Director

"Alexander Stewart" Director

*The accompanying notes are an integral part of these condensed interim financial statements (unaudited)*

## Mistango River Resources Inc.

### Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited) (Expressed in Cdn\$)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
<b>Expenses</b>				
Management and consulting (Note 7)	\$ 25,000	\$ 16,000	\$ 65,000	\$ 64,000
Salaries and benefits (Note 7)	22,301	8,700	66,904	14,814
Share-based compensation (Note 8)	-	-	-	98,000
Professional fees	40,378	3,750	48,048	7,275
Office, general and administrative	7,366	8,598	30,591	26,252
Shareholder Information	29,845	3,729	43,880	19,969
Amortization (Note 5)	2,899	3,621	8,694	10,864
Board takeover defense (Note 13)	315,517	-	352,934	-
Exploration and evaluation expenditures (Note 9)	103,493	50,543	119,304	178,838
(Gain) on sale of Surface Rights Only (SRO)	-	(35,077)	-	(35,077)
	<b>546,799</b>	59,864	<b>735,355</b>	384,935
(Gains) on sale of royalties (Note 12)	-	-	<b>(225,000)</b>	-
<b>Net (loss) for the period</b>	<b>(546,799)</b>	(59,864)	<b>(510,355)</b>	(384,935)
Unrealized gain (loss) on investments	(1,672)	-	3,766	-
<b>Comprehensive (loss) for the period</b>	<b>\$ (548,471)</b>	\$ (59,864)	<b>\$ (514,121)</b>	\$ (384,935)
<b>Net (loss) per share</b>				
Basic	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>				
Basic	<b>53,982,761</b>	38,073,481	<b>38,509,346</b>	38,073,481

The accompanying notes are an integral part of these condensed interim financial statements (unaudited)

**Mistango River Resources Inc.**  
**Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency) (Unaudited)**  
*(Expressed in Cdn\$)*

	No. of Shares	Amount	Share- Based Payments Reserve	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Net
Balance at December 31, 2017	38,073,481	\$ 21,061,066	\$ 35,000	\$ 4,676,594	\$ (25,670,849)	\$ (32,165)	\$ 69,646
Net loss and comprehensive loss	-	-	-	-	(384,935)	-	(384,935)
Share-based compensation	-	-	98,000	-	-	-	98,000
Balance at September 30, 2018	38,073,481	\$ 21,061,066	\$ 133,000	\$ 4,676,594	\$ (26,055,784)	\$ (32,165)	\$ (217,289)
Balance at December 31, 2018	38,073,481	\$ 21,061,066	\$ 70,000	\$ 4,676,594	\$ (25,704,414)	\$ (34,253)	\$ 68,993
Shares issued for cash	15,909,090	350,000	-	-	-	-	350,000
Share issue costs	-	(28,652)	-	-	-	-	(28,652)
Net (loss) and comprehensive income	-	-	-	-	(510,355)	3,766	(506,589)
Balance at September 30, 2019	53,982,671	\$ 21,382,414	\$ 70,000	\$ 4,676,594	\$ (26,214,769)	\$ (30,487)	\$ (116,248)

*The accompanying notes are an integral part of these condensed interim financial statements (unaudited)*

**Mistango River Resources Inc.**  
**Condensed Interim Statements of Cash Flows (Unaudited)**  
*(Expressed in Cdn\$)*

<i>Nine Months Ended September 30,</i>	<b>2019</b>	<b>2018</b>
<b>Operations</b>		
Net (loss) for the period	\$ (510,355)	\$ (384,935)
Adjustments to reconcile net income (loss) to cash flow from operating activities;		
(Gain) on sale of royalties	(225,000)	-
(Gain) on sale of Surface Rights Only	-	(35,077)
Share-based compensation	-	98,000
Amortization	8,694	10,864
Net change in non-cash operating working capital items:		
Due from related parties	14,287	(2,736)
HST recoverable	(72,689)	931
Prepaid expense	(11,250)	-
Accounts payable and accrued liabilities	387,737	(843)
<b>Cash (Used In) Operating Activities</b>	<b>(408,576)</b>	<b>(313,796)</b>
<b>Financing</b>		
Shares issued for cash, net of issue costs	321,348	-
Promissory note advanced	50,000	-
<b>Cash from Financing Activities</b>	<b>371,348</b>	<b>-</b>
<b>Investing</b>		
Proceeds from sale of royalties	225,000	-
Proceeds from sale of Surface Rights Only (SRO)	-	35,077
<b>Cash from Investing Activities</b>	<b>225,000</b>	<b>35,077</b>
<b>Net Increase (Decrease) in Cash</b>	<b>187,772</b>	<b>(278,719)</b>
Cash at Beginning of Period	12,983	366,683
<b>Cash at End of Period</b>	<b>\$ 200,755</b>	<b>\$ 87,964</b>

*The accompanying notes are an integral part of these condensed interim financial statements (unaudited)*

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements *(Unaudited)*

### Nine Months Ended September 30, 2019 and 2018

*(Expressed in Cdn\$)*

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#### 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 55 University Avenue, Suite 1805., Toronto. Ontario M5H 2H7. 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 September 30, 2019, the Company had cash of \$200,755 (December 31, 2018- \$12,983), and a working capital deficiency of \$172,605 compared to working capital of \$7,708 at December 31, 2018. Mistango had a deficit of \$26,214,769 at September 30, 2019, (December 31, 2018 - \$25,704,414) and expects to incur further losses in the development of its business. These financial results cast doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage, as such it has neither proven reserves nor 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 the financing necessary to achieve profitable operations.

The Company has raised funds throughout the current fiscal year and has utilized these funds for its exploration programs and working capital requirements. The ability of Mistango 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 Mistango will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of Mistango may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

These financial statements have been prepared based on accounting principles applicable to a going concern. These accounting principles assume that Mistango 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. The business of 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 properties. 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 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 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.

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, 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.

Effective October 21, 2019, the former management and board of directors were replaced by new management and board of directors. All financial information in this quarterly report reflects decisions made by the former management and board of directors who were in office for the periods ended September 30, 2019 and 2018 and as at December 31, 2018.



# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (*Unaudited*)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

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## 2. Basis of Preparation

### 2.1 Statement of compliance

These condensed interim financial statements (*unaudited*) were prepared in accordance with International Accounting Standards ("IAS") 34 '*Interim financial reporting*' using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements (*unaudited*) were authorized for issuance by Mistango's Board of Directors on November 29, 2019.

### 2.2 Basis of presentation

These condensed interim financial statements (*unaudited*) were prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's audited financial statements as at and for the year ended December 31, 2018. Management advises users of these condensed interim financial statements (*unaudited*) to read them in conjunction with these audited financial statements and accompanying notes thereto.

### 2.3 New and amended accounting standards *IFRS 9*

#### ***Financial Instruments***

IFRS 9 was issued in July 2014 by the IASB and it 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.

### 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 judgements made by management in the preparation of these financial statements are outlined as follows:

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements *(Unaudited)*

### Nine Months Ended September 30, 2019 and 2018

*(Expressed in Cdn\$)*

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## 2. Basis of Preparation *(Continued)*

### 2.4 Use of management estimates, judgements and measurement uncertainty *(Continued)*

#### ***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 judgements on whether its 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.

#### ***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, as at the date of the statement of financial position, with the corresponding changes in fair value recorded in accumulated other comprehensive loss.

#### ***Calculation of share-based compensation***

The Black-Scholes option pricing model is used to determine the fair value of share-based compensation. The use of subjective analysis and judgement is required in determining the inputs required for this pricing model. Changes in the estimates for these inputs 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 income taxes. Assessing the recoverability of deferred income tax assets requires a business to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. Mistango, however, is in the exploration stage of its business development, as such it is not expected to recognize any deferred income taxes in the foreseeable future.

## 3. Promissory Note

As at September 30, 2019, the Company was indebted in the amount of \$50,000 (December 31, 2018 - \$Nil) to Harbour Royalty Corp. in the form of a secured promissory note. The note bears interest at the rate of 8%, is secured by the assets of the Company, and is payable on demand.

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

#### 4. Investments

Investments are comprised of the following:

	No. of Shares	September 30, 2019	December 31, 2018
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 accumulated other comprehensive loss		(30,487)	(34,253)
		\$ 7,111	\$ 3,345

#### 5. Property, Plant & Equipment

	Exploration Equipment	Office Furniture and Equipment	Total
<b>Cost</b>			
As at December 31, 2017 and 2018 and September 30, 2018 and 2019	\$ 193,248	\$ 36,776	\$ 230,024
<b>Accumulated amortization</b>			
Balance at December 31, 2017	\$ 121,932	\$ 35,667	\$ 157,599
Amortization expense	10,698	166	10,864
Balance at September 30, 2018	\$ 132,630	\$ 35,833	\$ 168,463
<b>Accumulated amortization</b>			
Balance at December 31, 2018	\$ 136,195	\$ 35,889	\$ 172,084
Amortization expense	8,560	134	8,694
<b>Balance at September 30, 2019</b>	<b>\$ 144,755</b>	<b>\$ 36,023</b>	<b>\$ 180,778</b>
<b>Net book value</b>			
Balance at September 30, 2018	\$ 60,618	\$ 943	\$ 61,561
Balance at December 31, 2018	\$ 57,053	\$ 887	\$ 57,940
<b>Balance at September 30, 2019</b>	<b>\$ 48,493</b>	<b>\$ 753</b>	<b>\$ 49,246</b>

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

#### 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 may be voluntarily extended by the related parties.

The following is a summary aging analysis of these liabilities:

	September 30, 2019	December 31, 2018
Less than 1 month	\$ 350,271	\$ 20,075
31 to 90 days	2,519	3,537
Less than 1 year	59,655	1,096
	\$ 412,445	\$ 24,708

Included in these amounts are the following amounts owing to related parties:

	September 30 2019	December 31 2018
Office rent owing to a company controlled by the C.E.O.	\$ 18,853	\$ -
Management fees owing to a company controlled by the C.E.O.	56,500	-
Salary owing to the C.O.O.	4,364	-
	\$ 79,717	\$ -

#### 7. Related Parties Transactions and Balances

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

	September 30, 2019	December 31, 2018
Due from RJK Explorations Ltd. for its share of salaries and other shared costs	\$ 348	\$ 3,053
Due from Mistango's C.O.O.	-	11,582
	\$ 348	\$ 14,635

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

#### 7. Related Parties Transactions and Balances (Continued)

RJK Explorations Ltd. is a junior mineral exploration company listed on the TSX-Venture exchange whose C.E.O. was also Mistango's Vice-President of Exploration until his departure from the Company in July 2018. RJK Explorations Ltd.'s C.E.O. is a sibling to Mistango's C.E.O.

As at September 30, 2019, the Company was indebted to Harbour Royalty Corp. ("Harbour") in the amount of \$50,000 demand loan. Harbour has an approximately 29% equity interest in the common shares of 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. Key management compensation and other related party transactions are as follows:

<i>Nine months ended September 30,</i>	<b>2019</b>	2018
Short-term employee compensation		
included in exploration and evaluation expenditures	\$ -	\$ 79,080
Salaries and benefits for C.O.O.	<b>66,904</b>	-
Management fees for C.E.O.	<b>45,000</b>	40,000
Commercial office rent	<b>16,684</b>	16,684
Consulting fees for current C.F.O.	<b>20,000</b>	-
Consulting fees for former C.F.O.	-	24,000
Share-based compensation	-	98,000
<b>Total compensation paid to key management</b>	<b>\$ 148,588</b>	<b>\$ 257,764</b>

A corporate entity that is controlled by Mistango's C.E.O. and director rents commercial office space to Mistango. Mistango rents this office on a month-to-month basis.

Management believes that all transactions were conducted in the normal course of operations and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the related parties.

#### ***Due from Related Parties***

The Company shared an administrative employee with a related company, RJK Explorations Ltd., until July 2018 when this employee was terminated. During the nine months ended September 30, 2018, Mistango charged this related company \$20,250 for this employee's services on a cost recovery basis. As at September 30, 2019 this related company owed Mistango \$348 for miscellaneous shared costs.

*All of the above related parties are associated with the former management and board of directors and not the new management and board of directors.*

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

#### 8. 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.

On June 20, 2019 the Company issued 15,909,090 flow through common shares for \$350,000 cash in a non-brokered private placement. Mistango incurred \$28,653 in share issue costs to consummate the transaction. Pursuant to the terms of the flow-through share agreement entered into on June 20, 2019, the Company was committed to incurring Canadian Exploration Expenditures of \$350,000 by December 31, 2020. As at September 30, 2019, the Company has incurred \$91,357 of eligible exploration expenditures.

##### 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 September 30, 2019, the Company had 2.3 million options available for issuance under the Plan.

Options outstanding to purchase common shares are as follows:

	<b>Weighted Average Exercise</b>	
Outstanding at December 31, 2017	\$ 0.10	2,235,000
Transactions during the year		
Expired	0.10	(645,000)
Outstanding at December 31, 2018	\$ 0.10	1,590,000
Transactions during the period		
Issued	0.10	2,100,000
Expired	0.10	(895,000)
Forfeited	0.10	(1,295,000)
Outstanding at September 30, 2019	\$ <b>0.10</b>	1,500,000

As at September 30, 2019 the weighted average remaining life of the options outstanding was 3.25 years. All the options are vested and exercisable at \$0.10 each.

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

#### 8. Share Capital (Continued)

##### Options (Continued)

There were no options issued during the nine months ended September 30, 2019. The fair value of options issued during the nine months ended September 30, 2018 was estimated on the date of grant and were valued at \$98,000. The following are the values used as inputs into Black-Scholes options pricing model as at the date of measurement:

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	Nil
Vesting	Immediately
Share based compensation	\$98,000

#### 9. Mineral Properties and Exploration and Evaluation Expenditures

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

Property	Nine Months Ended September 30,		Cumulative Since Project Inception
	2019	2018	
Baldwin, Ontario	\$ 2,382	\$ 1,447	\$ 606,835
Goldie, Ontario	-	-	513,053
Kirkland West, Ontario	1,397	1,208	265,283
Omega Property, Ontario	106,393	-	5,980,663
Sackville, Ontario	9,132	176,183	1,190,760
Other	-	-	113,650
	\$ 119,304	\$ 178,838	\$ 8,670,244

# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

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#### 10. Capital Management

Mistango'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.

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 nine months ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

#### 11. 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, HST recoverable 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 September 30, 2019, the Company had current assets of \$289,840 (December 31, 2018 - \$32,416) to settle current liabilities of \$462,445 (December 31, 2018 - \$24,708). The ability of the Company



# Mistango River Resources Inc.

## Notes to Condensed Interim Financial Statements (Unaudited)

### Nine Months Ended September 30, 2019 and 2018

(Expressed in Cdn\$)

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#### 11. Financial Instruments (Continued)

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.

##### **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 September 30, 2019, if the fair value of the investments had changed by 10%, with all other variables held constant, the change in comprehensive loss for the nine months ended September 30, 2019 and 2018 would have been insignificant.

#### 12. Gains on Sale of Royalties

In May 2019, Mistango sold its 1% Net Smelter Returns Royalty in the Estrades Properties for \$75,000 cash on closing, being the date, the sale agreement was signed.

Mistango entered into a Royalty Agreement ("Agreement") dated June 20, 2018. Under the terms of the Agreement the Company sold 3% Net Smelter Returns ("Royalty") on the Omega and Sackville properties for \$150,000 cash on closing. The Agreement provides Mistango with a five-year irrevocable option to repurchase 2% of the Royalty from the purchaser for \$500,000 cash.

#### 13. Board Takeover Defense

In May 2019, Orefinders Resources Inc. ("Orefinders") commenced action to take control of the board of directors of Mistango. The Company has incurred \$352,934 in legal defense expenses related to the proxy contest through September 30, 2019. On October 21, 2019, Orefinders was successful in having its entire nominee slate elected to the board of directors and replacing the former board of directors. (Note 16)

#### 14. Reclassification

Certain of the prior period's accounts have been reclassified to conform to the presentation adopted in the current period. Net loss has not been affected by the reclassification.

#### 15. Commitment

As a result of the \$350,000 in flow-through financing detailed in Note 8, the Company is committed to spend the \$350,000 amount on qualifying exploration and evaluation expenditures by December 31, 2020. Through September 30, 2019, the Company has spent \$91,357. The Company has indemnified the subscriber of the flow-through share offering against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

# Mistango River Resources Inc.

Notes to Condensed Interim Financial Statements (Unaudited)

Nine Months Ended September 30, 2019 and 2018

*(Expressed in Cdn\$)*

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## 16. Events Subsequent to Period End

(i) On October 21, 2019, the Company's former management and board of directors was replaced by new management and board of directors pursuant to a shareholder's vote.

(ii) On November 1, 2019, a private company controlled by the new C.E.O. advanced the Company \$55,000 by way of a secured 8% interest bearing promissory note in order to repay the Harbour promissory note (Note 3) in full and discharge its principal, interest and costs. The \$55,000 loan is intended to be repaid in the short-term or converted into common shares in any future equity transaction.