



MISTANGO RIVER

R E S O U R C E S I N C .

Condensed Interim Consolidated Financial Statements

(Unaudited)

Three Months Ended

March 31, 2020 and 2019

Management's responsibility for financial reporting

The accompanying condensed interim consolidated 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 consolidated 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 3 of the condensed interim consolidated 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 condensed interim consolidated 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 consolidated financial statements and (ii) the condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of March 31, 2020 and for the periods presented by the condensed interim consolidated 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 consolidated 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 CONSOLIDATED 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 consolidated financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated 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 consolidated financial statements by an entity's auditor.

Mistango River Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Cdn\$)
As at

	March 31, 2020 <i>(Unaudited)</i>	December 31, 2019 <i>(Audited)</i>
Assets		
Current		
Cash	\$ 1,966,352	\$ 257,016
Due from related parties <i>(Note 7)</i>	4,468	-
Sales tax recoverable	49,719	35,978
Prepaid expense	10,000	11,185
	2,030,539	304,179
Investments <i>(Note 4)</i>	-	16,292
Right-of-use Assets <i>(Note 10)</i>	42,060	47,795
Equipment <i>(Note 5)</i>	11,060	16,742
	\$ 2,083,659	\$ 385,008
Liabilities		
Current		
Accounts payable and accrued liabilities <i>(Notes 6,7)</i>	\$ 104,057	\$ 319,345
Due to related parties <i>(Note 7)</i>	-	12,168
Lease Obligation – Current <i>(Note 11)</i>	22,181	21,300
	126,238	352,813
Convertible Debentures <i>(Note 8)</i>	54,010	52,478
Lease Obligation <i>(Note 11)</i>	21,261	27,166
Deferred income liabilities <i>(Note 15)</i>	903	903
	202,412	433,360
Shareholders' Equity (Deficiency)		
Share capital <i>(Note 9)</i>	22,981,530	21,760,530
Reserves <i>(Note 9)</i>	5,957,685	4,867,640
Accumulated deficit	(27,057,950)	(26,655,216)
Accumulated other comprehensive loss <i>(Note 4)</i>	(18)	(21,306)
	1,881,247	(48,352)
	\$ 2,083,659	\$ 385,008

Nature of operations and going concern considerations (Note 1)
Commitment (Note 16)
Events subsequent to period end (Note 17)

Approved on behalf of the Board

"Stephen Stewart" Director

"Alexander Stewart" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Mistango River Resources Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Cdn\$)
Three months ended March 31,

<i>(Unaudited)</i>	2020	2019
Expenses		
Management and consulting <i>(Note 7)</i>	\$ 46,955	\$ 20,000
Salaries and benefits <i>(Note 7)</i>	-	22,301
Share-based compensation <i>(Note 9)</i>	272,045	-
Professional fees	6,957	1,750
Office, general and administrative <i>(Note 7)</i>	7,560	13,152
Shareholder Information	18,739	3,323
Amortization <i>(Note 5, 11)</i>	6,317	2,896
Loss on sale of investments <i>(Note 4)</i>	16,251	-
Loss on disposal of capital assets	2,600	-
(Gain) on disposal of subsidiary <i>(Note 7)</i>	(126)	-
Exploration and evaluation expenditures <i>(Note 12)</i>	23,566	12,023
Interest expenses, net of interest income	1,870	-
Total expenses	402,734	75,445
Loss before tax	(402,734)	(75,445)
Deferred income tax recovery <i>(Note 15)</i>	-	-
Net Loss for the period	(402,734)	(75,445)
Unrealized gain (loss) on investments <i>(Note 4)</i>	21,288	-
Comprehensive Loss for the period	\$ (381,446)	\$ (75,445)
Net Loss per Share		
Basic and fully diluted comprehensive loss per share	\$ (0.005)	\$ (0.002)
Weighted average number of shares outstanding		
Basic and fully diluted	81,807,308	38,073,481

The accompanying notes are an integral part of these condensed interim consolidated financial statements

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

<i>(Unaudited)</i>	Number of Shares	Amount	Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total shareholder' equity (deficit)
Balance at December 31, 2018	38,073,481	\$ 21,061,066	\$ 4,746,594	\$ (25,704,414)	\$ (34,253)	\$ 68,993
Net loss	-	-	-	(75,445)	-	(75,445)
Balance at March 31, 2019	38,073,481	\$ 21,061,066	\$ 4,746,594	\$ (25,779,859)	\$ (34,253)	\$ (6,452)
Net loss	-	-	-	(875,357)	-	(875,357)
Flow-through private placement	15,909,090	350,000	-	-	-	350,000
Hard-dollar private placement	16,666,667	500,000	-	-	-	500,000
Value of warrants	-	(116,000)	116,000	-	-	-
Broker warrants issued	-	-	2,313	-	-	2,313
Share issue costs	-	(34,536)	-	-	-	(34,536)
Equity portion of convertible debentures	-	-	2,733	-	-	2,733
Unrealized gain on investments	-	-	-	-	12,947	12,947
Balance at December 31, 2019	70,649,238	\$ 21,760,530	\$ 4,867,640	\$ (26,655,216)	\$ (21,306)	\$ (48,352)
Net loss	-	-	-	(402,734)	-	(402,734)
Hard-dollar private placement	31,369,224	2,039,000	-	-	-	2,039,000
Value of warrants	-	(806,000)	806,000	-	-	-
Broker units issued	461,538	18,000	12,000	-	-	30,000
Share issue costs	-	(30,000)	-	-	-	(30,000)
Stock-based compensation	-	-	272,045	-	-	272,045
Unrealized gain on investments	-	-	-	-	21,288	21,288
Balance at March 31, 2020	102,480,000	\$ 22,981,530	\$ 5,957,685	\$ (27,057,950)	\$ (18)	\$ 1,881,247

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Mistango River Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Cdn\$)
Three months ended March 31,

<i>(Unaudited)</i>	2020	2019
Operations		
Net loss for the period	\$ (402,734)	\$ (75,445)
Adjustments to reconcile net income (loss) to cash flow from operating activities;		
Share-based compensation	272,045	-
Loss on disposal of investments	16,251	-
(Gain) on disposal of subsidiary	(126)	-
Loss on disposal of capital assets	2,600	-
Accretion expenses	465	-
Accrued Interest expenses	2,472	-
Amortization	6,317	2,896
Net change in non-cash operating working capital items:		
Due from related parties	(4,242)	11,259
HST recoverable	(13,741)	(1,931)
Prepaid expense	1,185	-
Accounts payable and accrued liabilities	(215,388)	37,882
Due to related parties	(12,168)	601
Cash (Used In) Operating Activities	(347,064)	(24,738)
Financing		
Common shares issued for cash	2,039,000	-
Repayment of lease obligation	(6,429)	-
Advance from related company	-	20,000
Cash from Financing Activities	2,032,571	20,000
Investing		
Proceeds from sale of Investments	21,329	-
Proceeds from sale of capital assets	2,500	-
Cash from Investing Activities	23,829	-
Net Increase (Decrease) in Cash	1,709,336	(4,738)
Cash at Beginning of Period	257,016	12,983
Cash at End of Period	\$ 1,966,352	\$ 8,245

The accompanying notes are an integral part of these condensed interim consolidated financial statements

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

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. On December 4, 2019, the Company acquired 100% of common shares of Standard Ore Corporation, a private Company incorporated in Ontario on November 23, 2016. On February 28, 2020, the 100% interest in Standard Ore was sold. (Note 7).

As at March 31, 2020, the Company had cash of \$1,966,352 (December 31, 2019 - \$257,016), and working capital of \$1,904,301 compared to working capital deficiency of \$48,634 at December 31, 2019. Mistango had an accumulated deficit of \$27,057,950 at March 31, 2020 (December 31, 2019 - \$26,655,216) 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. Management is also closely evaluating the impact of COVID-19 on the Company's business. In order for the Company to continue as a going concern and fund its operations, the Company will require additional financing. The availability of financing will be affected by, among other things, the state of the capital markets considering the impact of COVID-19 and strategic partnership arrangements.

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 consolidated 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 condensed interim consolidated 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 consolidated 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.

The condensed interim consolidated financial statements were authorized for issue on May 29, 2020 by the directors of the Company.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial statements for the three months ended March 31, 2020 were prepared in accordance with IAS 34 International Accounting Standard – “Interim Financial Reporting” (IAS 34) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) have been condensed or omitted. The significant judgments made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation’s audited annual financial statements for the year ended December 31, 2019, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

2.2 Basis of presentation

The consolidated 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 Basis of consolidation

The consolidated financial statements include the financial statements of Mistango River Resources Inc. and its wholly-controlled subsidiary Standard Ore Corporation up until the February 28, 2020 disposition as detailed in Note 7. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

2.4 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.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

2. BASIS OF PREPARATION (Continued)

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 has adopted IFRS 16 with the date of initial application of January 1, 2019 using the modified retrospective approach. The impact of adoption of IFRS 16 is disclosed in Note 12.

2.5 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.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

2. BASIS OF PREPARATION (Continued)

2.5 Use of management estimates, judgements and measurement uncertainty (continued)

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.

Impairment of equipment

Equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is less than anticipated,

Valuation of convertible debenture conversion options and derivatives

The initial recognition of conversion options requires an estimation of the fair value of a similar liability that does not have an associated equity component. The carrying amount of the conversion options is then determined by deducting the fair value of the financial liability from the fair value of the convertible debenture as a whole.

If the conversion feature does not meet all the criteria to be recognized as equity instrument, the conversion option will be recorded as derivative financial liabilities, which requires an estimation of fair value on initial recognition and the end of each reporting period. Management uses Black-Scholes option pricing model to estimate the fair value of derivative financial liabilities. Note 14 provides detailed information about the key assumptions used by the management in the determination of the fair value of derivative financial liabilities. Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of derivative financial liabilities.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

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.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

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.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

Mistango River Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements - Unaudited

Three months ended March 31, 2020 and 2019

(Expressed in Cdn\$)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3.7 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 March 31, 2020 is as follows:

Financial Instrument	Classification
Cash	Amortized cost
Due from (to) related parties	Amortized cost
Investments	FVTOCI
Accounts payable and accrued liabilities	Amortized cost
Convertible debentures	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.

Mistango River Resources Inc.

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

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;

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.

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

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 periods ended March 31, 2020 and 2019 the outstanding stock options were antidilutive.

3.13 Convertible debentures

The Company's convertible debentures are segregated into their debt and equity components or derivative liability components at the date of issue, in accordance with the substance of the contractual agreements. The conversion feature of the convertible debentures is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument under IAS 32, Financial Instruments: Presentation. One of the criteria is that the conversion option exchanges a fixed number of shares for a fixed amount of cash ("fixed for fixed").

If the conversion feature meets the fixed for fixed criteria, the conversion option will be classified as equity components. Equity instruments are instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Therefore, when the initial carrying amount of the convertible debentures is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The sum of the carrying amounts assigned to the liability and equity components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognizing the components of the instrument separately.

If the conversion feature does not meet the fixed for fixed criteria, the conversion option will be recorded as derivative financial liability, which must be separately accounted for at fair value on initial recognition. The carrying amount of the debt component, on initial recognition, is recalculated as the difference between the proceeds of the convertible debentures as a whole and the fair value of the derivative financial liabilities. Subsequent to initial recognition, the derivative financial liability is re-measured at fair value at the end of each reporting period with changes in fair value recognized in the statement of operation for each reporting period, while the debt component is accreted to the face value of the debt using the effective interest method. Transaction costs are allocated to the debt and equity components or derivative liability components in proportion to the allocation of the proceeds on initial recognition. Transaction costs allocated to equity components will be accounted for as a deduction from equity, net of any related income tax benefit; cost allocated to the derivative financial liability component are expensed; and cost allocated to the debt component are offset against the carrying amount of the liability and included in the determination of the effective interest rate.

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

3.14 Other comprehensive income (loss)

Other comprehensive income (loss) is the change in shareholders' equity, which results from transactions and other events and circumstances from non-shareholder sources. These transactions and events include unrealized gains and losses resulting from foreign currency translation of foreign subsidiaries.

3.15 Leases

The Company adopted IFRS 16 – Leases (“IFRS 16”) On January 1, 2019. The Company has applied IFRS 16 using the modified retrospective approach, under which the Company will not restate its comparative figures but will recognize the cumulative effect of adopting IFRS 16 as an adjustment to opening retained earnings. Additionally, the Company has elected not to recognize right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The following are the significant accounting policies which have been amended as a result of IFRS 16 and applied at January 1, 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset of a period of time in exchange for consideration. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Lease obligations

The Company recognized lease obligation and right-of-use asset for its premises lease at the date of adoption of IFRS 16. The lease obligation is measured at the present value of the remaining lease payments as of January 1, 2019, discounted using their incremental borrowing rate of 12%.

The Lease term determined by the Company comprises:

- The non-cancellable period of lease contracts, including a rent-free period if applicable;
- Periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option;
- Periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Leases (Continued)

Interest on the lease obligations is calculated using the effective interest method and increases the lease obligation while rent payments reduce the obligation. The lease obligation is remeasured whenever a lease contract is modified, and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option. The lease obligation is remeasured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset or is recorded in gain or loss if the carrying amount of the right-of-use asset has been reduced to zero or the modification results in a reduction in the scope of the lease.

Right-of-use asset

At January 1, 2019, the right-of-use asset has been initially calculated at an amount equal to the initial value of the lease obligation. There is no impact on retained earnings. For leases entered into, on or after January 1, 2019, the right-of-use asset will be initially calculated at an amount equal to the initial value of the lease liability, adjusted for the following items:

- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Company;
- An estimate of costs to dismantle and remove the underlying asset or to restore the site on which the asset is located.

The right-of-use assets will be depreciated using the straight-line from the date of adoption to the earlier of the end of the useful life of the asset or the end of the lease term as determined under IFRS 16. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36, Impairment of Assets which replaces the previous requirement to recognize a provision for onerous lease contracts under IAS 37, Provisions, Contingent liabilities and Contingent assets.

4. Investments

Investments are comprised of the following:

	No. of Shares	March 31, 2020	December 31, 2019
Cost of investments in publicly listed companies:			
RJK Explorations Ltd.	Nil	\$ -	\$ 37,580
Strategic Resources Inc.	23	18	18
Provision for unrealized losses included in accumulated other comprehensive loss		(18)	(21,306)
		\$ -	\$ 16,292

During the three months March 31, 2020, the Company sold 83,512 shares of RJK Explorations and recorded a loss on sale of investment of \$16,251 (2019 - \$Nil)

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5. Equipment

	Exploration Equipment	Office Furniture and Equipment	Total
Cost			
Balance at December 31, 2018	\$ 193,248	\$ 36,776	\$ 230,024
Disposal	(82,367)	(36,776)	(119,143)
Balance at December 31, 2019	\$ 110,881	\$ -	\$ 110,881
Cost			
Balance at December 31, 2019	\$ 110,881	\$ -	110,881
Disposal	(30,171)	-	(30,171)
Balance at March 31, 2020	\$ 80,710	\$ -	\$ 80,710
Accumulated amortization			
Balance at December 31, 2018	\$ 136,195	\$ 35,889	\$ 172,084
Amortization expense	4,186	134	4,320
Disposals	(46,242)	(36,023)	(82,265)
Balance at December 31, 2019	\$ 94,139	\$ -	\$ 94,139
Accumulated amortization			
Balance at December 31, 2019	\$ 94,139	\$ -	\$ 94,139
Amortization expense	582	-	582
Disposals	(25,071)	-	(25,071)
Balance at March 31, 2020	\$ 69,650	\$ -	\$ 69,650
Net book value			
Balance at December 31, 2019	\$ 16,742	\$ -	\$ 16,742
Balance at March 31, 2020	\$ 11,060	\$ -	\$ 11,060

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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:

	March 31, 2020	December 31, 2019
Less than 1 month	\$ 12,934	\$ 25,066
31 to 90 days	4,596	112,760
Less than 1 year	86,527	181,519
	\$ 104,057	\$ 319,345

7. Related Parties Transactions and Balances

	March 31, 2020	December 31, 2019
Due from Standard Ore Corporation	\$ 226	\$ -
Due from (to) Orefinders Resources Inc.	196	(2,356)
Due from (to) PowerOre Inc.	4,046	(9,812)
	\$ 4,468	\$ (12,168)

Standard Ore Corporation is a private company incorporated in Ontario. The company was acquired as a 100% subsidiary of Mistango on December 4, 2019 and then subsequently on February 28, 2020, the 100% interest was sold.

Orefinders Resources Inc. is a junior mineral exploration company listed on the TSX-Venture exchange. Each of the Company's and Orefinders' board of directors are controlled by the same three parties. At March 31, 2020, Orefinders owned approximately 17% of the common shares of the Company.

PowerOre Inc. is a junior mineral exploration company listed on the TSX-Venture exchange. Each of the Company's and PowerOre's board of directors are controlled by the same three parties. At March 31, 2020, PowerOre had no common share interest in the Company.

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7. Related Parties Transactions and Balances (Continued)

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 three months ended March 31, 2020 and 2019 include:

	2020	2019
Short-term employee compensation		
Included in exploration and evaluation expenditures	\$ 15,532	\$ -
Management fees for CEO and Chairman services	27,400	15,000
Salaries for former COO services	-	22,301
Consulting fees for CFO services	6,000	5,000
Consulting fees for corporate development services	10,625	-
Share-based compensation	272,045	-
	\$ 331,602	\$ 42,301

A corporate entity that is controlled by Mistango's former CEO and director rented commercial office space to Mistango. During the period ended March 31, 2020, the Company incurred \$Nil (2019 - \$5,561) in premises rent with this related company. The expenses are included in office, general and administrative expenses in the consolidated statements of loss and comprehensive loss. Mistango rented this office on a month-to-month basis and ceased this arrangement on October 21, 2019.

Effective October 21, 2019, Mistango commenced sharing office space with two related companies. The lease payments were capitalized in the lease obligation according to *IFRS 16 – lease* (Note 12). During the period ended March 31, 2020, Mistango paid rental of \$6,429 (2019 - \$Nil) to these companies. The payments were recorded as reductions against the lease obligation for the premise under IFRS 16. The Company has no formal sublease arrangement with the two related companies

Accounts payable and accrued liabilities at March 31, 2020 includes \$Nil (December 31, 2019 - \$16,260) owing to officers, directors and companies controlled by officers and directors. (Note 6)

On December 4, 2019, Mistango acquired the one outstanding share of Standard Ore Corporation. from a director for \$1. Standard Ore Inc. is a privately-held corporation incorporated in Ontario on November 23, 2016 and had no operations from that date of incorporation to December 4, 2019. Since Standard Ore Inc. did not constitute a business as defined under IFRS 3 – *Business Combinations*, the acquisition was accounted for as an asset acquisition. The acquired net assets were zero. On February 28, 2020, Mistango sold the one outstanding share back to the same director for \$1 and recorded a gain on disposal of subsidiary of \$126 for the three months ended March 31, 2020.

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.

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8. Convertible debentures

As at March 31, 2020, the Company was indebted in the amount of \$55,000 (December 31, 2019 - \$55,000) to 2287957 Ontario Limited (a company controlled by a director) in the form of a secured promissory note. The promissory note was advanced on October 21, 2019, bears interest at the rate of 8% with maturity date on October 21, 2021 and is secured by a fixed and floating charge against all of the assets of the Company.

The note bears a conversion option to convert the principal of the loan to shares at a price of \$0.03 per share. This loan was made to repay a \$50,000 8% secured promissory note agreement entered into by the Company with Harbour Royalty Corporation on September 30, 2019. In connection with the repayment of the promissory note, the Company incurred interest costs of \$334 and legal costs related to the discharge of \$4,010. Interest expense for the three months ended March 31, 2020 has been included in office and general and administrative and totaled \$1,067 (2019 - \$Nil).

Management has concluded that the conversion feature of the Debentures meets the fixed for fixed criteria and should therefore be presented as an equity instrument in accordance with IAS 32. The debt component of the Debentures was measured at fair value on initial recognition. To determine the initial amount of the respective debt and equity components of the Debentures issued, the carrying amount of the financial liability was first calculated by discounting the stream of future principal and interest payments at 12%, the rate of interest prevailing at the date of issue for instruments of similar term and risk. The debt component was then deducted from the total carrying amount of the compound instrument to derive the equity component. The debt component was assigned a value of \$51,282 and the equity component was assigned a value of \$2,733 (less deferred income taxes of \$985). The debt component is subsequently accounted for at amortized cost using the effective interest rate method. During the three months ended March 31, 2020, the Company recorded accretion expenses of \$465 (2019 - \$Nil).

	March 31, 2020	December 31, 2019
Balance – beginning of period	\$ 52,478	\$ -
Issuance of convertible debentures	-	55,000
Less fair value of equity component	-	(2,733)
Less deferred tax liabilities	-	(985)
Accrued interest	1,067	886
Accretion expenses	465	310
Balance – end of period	\$ 54,010	\$ 52,478

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9. Share Capital

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.

(a) On February 28, 2020, the Company closed a \$2,039,000 non-brokered private placement financing at a price of \$0.065 per share. Mistango issued 31,369,224 units consisting of one common share of Mistango and one share purchase warrant, with each whole warrant exercisable for up to 2 years after closing at an exercise price of \$0.08 for one common share of Mistango. The valuation of the warrants was estimated in the amount of \$806,000 using the Black-Scholes option pricing model. In connection with private placement, the Company issued 461,538 units as a finder's fee for a total of total value of \$30,000. The valuation of the finder fee warrants was estimated in the amount of \$12,000 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 162%, risk free interest rate of 1.14% and an expected life of 2 years.

Under the private placement, insiders of the Company purchased a total of 7,692,308 shares.

(b) On December 6, 2019, the Company closed subscriptions for a non-brokered hard dollar private placement of 16,666,667 units at a price of \$0.03 per unit, to raise proceeds of \$500,000. Each unit consists of one common share and one-half of one share purchase warrant with each whole warrant entitling the holder to purchase one additional common share, at \$0.05 per share, until December 6, 2021. The valuation of the warrants was estimated in the amount of \$116,000 using the Black-Scholes option pricing model. In connection with private placement, the Company paid a finder's fee of \$3,570 and issued 119,000 broker's warrants to acquire shares at \$0.05 per share until December 9, 2021 valued at \$2,313 using the Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 152%, risk free interest rate of 1.67% and an expected life of 2 years.

(c) On June 20, 2019 the Company issued 15,909,090 flow-through common shares at a unit price of \$0.022 per share to raise cash of \$350,000 in a non-brokered private placement. Mistango incurred \$28,653 in share issue costs in connection with the transaction.

Stock Options

Mistango has a stock option plan (the "Plan") under which the Company 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.

On February 10, 2020, the Company granted 4,300,000 stock options to directors and consultants. The stock options are exercisable at a price of \$0.07 until February 10, 2025. The total fair value of \$272,045 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, a risk-free interest rate of 1.31% and an expected volatility of 198%. The granting of these options resulted in a share-based payment expense of \$272,045 during the period ended March 31, 2020.

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9. Share Capital (Continued)

Options outstanding to purchase common shares are as follows:

	March 31, 2020		December 31, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	-	\$ -	1,500,000	\$ 0.10
Options granted	4,300,000	0.07	-	-
Options forfeited	-	-	(1,500,000)	(\$0.10)
Options outstanding, end of period	4,300,000	\$ 0.07	-	\$ -
Options exercisable, end of period	4,300,000	\$ 0.07	-	\$ -

Warrants

A summary of the changes in the Company's warrants is set out below:

	March 31, 2020			December 31, 2019	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	8,452,334	\$ 0.05	1.94	-	\$ -
Warrants issued	31,369,224	0.08	1.91	8,333,334	0.05
Brokers warrants issued	461,538	0.08	1.91	119,000	0.05
Warrants outstanding, end of period	40,283,096	\$ 0.074	1.84	8,452,334	\$ 0.05

As at March 31, 2020, the following warrants were outstanding.

Number of warrants outstanding	Exercise Price	Expiry Date
8,333,334	\$0.05	December 6, 2021
119,000	\$0.05	December 6, 2021
31,369,224	\$0.08	February 28, 2022
461,538	\$0.08	February 28, 2022
40,283,096	\$0.074	

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9. Share Capital (Continued)

Reserves

A summary of the changes in the Company's share-based payment reserve is set out below:

	Options	Warrants	Reserves	Total
Balance at December 31, 2018	\$ 35,000	\$ -	\$ 4,711,594	\$ 4,746,594
Value of warrants issued on private placement	-	116,000	-	116,000
Value of broker warrants issued on private placement	-	2,313	-	2,313
Equity component of convertible debentures			2,733	2,733
Stock options forfeited	(35,000)	-	35,000	-
Balance at December 31, 2019	\$ -	\$ 118,313	\$ 4,749,327	\$ 4,867,640
Value of warrants issued on private placement	-	806,000	-	806,000
Value of broker warrants issued on private placement	-	12,000	-	12,000
Stock options granted	272,045	-	-	272,045
Balance at March 31, 2020	\$ 272,045	\$ 936,313	\$ 4,749,327	\$ 5,957,685

10. Right-of-use Asset

The Company recognized the right-of-use asset for its office space lease as follows:

	March 31, 2020	December 31, 2019
Balance – beginning of period	\$ 47,795	\$ -
Additions	-	51,619
Depreciation	(5,735)	(3,824)
Balance – end of period	\$ 42,060	\$ 47,795

11. Lease obligation

The following table presents the lease obligation for the Company:

	March 31, 2020	December 31, 2019
Balance – beginning of period	\$ 48,466	\$ -
Additions	-	51,619
Interest expenses on lease obligation	1,405	1,017
Rent payments	(6,429)	(4,170)
Balance – end of period	\$ 43,442	\$ 48,466
Less current portion	(22,181)	(21,300)
Non-current portion – end of period	\$ 21,261	\$ 27,166

The following table presents the contractual undiscounted cash flows for lease obligation as at March 31, 2020.

Less than one year	\$ 26,208
One to two years	22,448
Total undiscounted lease obligation	\$ 48,656

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11. Lease obligation *(Continued)*

When measuring the lease obligation, the Company discounted the remaining lease payments using the incremental borrowing rate of 12% per annum. The office lease for the period from January 1, 2019 to October 21, 2019 was on a month-to-month basis and less than 12 months. Management has elected not to recognize right-of-use assets and lease obligations for this short-term lease. For the three months ended March 31, 2020, the lease expense relating to this short-term lease was \$Nil (2019- \$5,561).

12. 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	2020	2019	Cumulative Since Project Inception
Baldwin, Ontario	\$ 18,444	\$ 592	\$ 625,279
Goldie, Ontario	-	-	513,053
Kirkland West, Ontario	1,208	592	266,491
Omega Property, Ontario	2,849	930	6,043,791
Sackville, Ontario	1,065	9,258	1,191,825
Other	-	651	113,650
	\$ 23,566	\$ 12,023	\$ 8,754,089

13. 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 periods ended March 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.

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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, 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 March 31, 2020, the Company had current assets of \$2,030,539 (December 31, 2019 - \$304,179) to settle current liabilities of \$126,238 (December 31, 2019 - \$352,813). 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.

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 March 31, 2020, if the fair value of the investments had changed by 10%, with all other variables held constant, the change in comprehensive loss for the three months ended March 31, 2020 would have been insignificant.

15. Income Tax Recovery

Deferred income tax liabilities

The tax effects of temporary differences that give rise to significant portions of the deferred tax liabilities are presented below.

The Company issued convertible debentures in 2019 (Note 9), which has been separated into liability and equity components on its initial recognition. The tax base of the convertible debenture on initial recognition is its face value and resulted in a taxable temporary difference arising from the equity components. Consequently, the Company recognized the deferred tax liability, which is charged

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15. Income Tax Recovery (Continued)

directly to the carrying amount of the equity components.

Deferred income tax liabilities

The interest accretion expense increased the carrying value of liability component and reduced the temporary difference, and then reduced the carrying value of deferred tax liabilities.

The following table summarizes the deferred income tax liabilities:

Balance at January 1, 2019	\$	-
Arising from convertible debentures		985
Deferred tax recovery due to interest accretion of convertible debenture		(82)
Balance at December 31, 2019 and March 31, 2020	\$	903

16. Commitment

As a result of the \$350,000 in flow-through financing detailed in Note 9, the Company is committed to spend the \$350,000 amount on qualifying exploration and evaluation expenditures by December 31, 2020. Through March 31, 2020, the Company has spent \$160,952 leaving a total of \$189,048 that is to be spent by December 31, 2020. 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.

17. Events Subsequent to Period End

(i) On April 3, 2020, the Company entered into an agreement to acquire a 100% interest in the Teck-Kirkland Property from Hinterland Metals. Mistango acquired 100% of the Teck-Kirkland Property by issuing Hinterland Metals 1,500,000 common shares and by paying \$15,000 in cash.

(ii) On May 22, 2020, the Company closed a \$2,537,440 non-brokered flow-through private placement financing at a price of \$0.275 per share. Mistango issued 9,227,053 units consisting of one common share and one half of one common share purchase warrant, with each whole warrant exercisable for up to 2 years after closing at an exercise price of \$0.35 for one common share. In connection with private placement, the Company issued 288,364 units at a value of \$79,300 as a finder's fee.

(iii) Since March 31, 2020, 2019, the COVID-19 pandemic is causing a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions. The continued spread of COVID-19 nationally and

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(Expressed in Cdn\$)

17. Events Subsequent to Period End *(Continued)*

globally could have an adverse impact on the Company's business, operations and financial results, as well as a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its impact on the Company's business, operations or financial results, including the Company's ability to secure financing; however, the impact could be material.