MISTANGO RIVER

RESOURCES INC.

Annual Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

Independent Auditor's Report

To the Shareholders of Mistango River Resources Inc.

Opinion

We have audited the consolidated financial statements of Mistango River Resources Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity (deficit), and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

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

Other matter

The consolidated financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on April 29, 2020.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 30, 2021

Mistango River Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Cdn$)
As at December 31,

	2020	2019
Assets		
Current		
Cash	**$ 6,576,593**	$ 257,016
GST/HST receivable	**77,156**	35,978
Prepaid expense	**17,351**	11,185
Due from related parties *(Note 7)*	**14,204**	-
Total current assets	**6,685,304**	304,179
Investments *(Note 4)*	**-**	16,292
Right-of-use assets *(Note 11)*	**24,854**	47,795
Equipment *(Note 5)*	**39,539**	16,742
Total assets	**$ 6,749,697**	$ 385,008
Liabilities		
Current		
Accounts payable and accrued liabilities *(Notes 6,7)*	**$ 135,083**	$ 319,345
Due to related parties *(Note 7)*	**-**	12,168
Convertible note *(Note 8)*	**60,268**	-
Flow-through share premium liability (*Note 9)*	**513,296**	-
Lease obligation – Current *(Note 12)*	**24,949**	21,300
Total current liabilities	**733,596**	352,813
Lease obligation *(Note 12)*	**2,217**	27,166
Convertible note *(Note 8)*	**-**	52,478
Deferred income tax liabilities *(Note 16)*	**-**	903
Total liabilities	**735,813**	433,360
Shareholders' Equity (Deficiency)		
Share capital *(Note 10)*	**26,905,216**	21,760,530
Reserves *(Note 10)*	**7,294,773**	4,867,640
Accumulated deficit	**(28,186,087)**	(26,655,216)
Accumulated other comprehensive loss (*Note 4*)	**(18)**	(21,306)
Total shareholders' equity (deficiency)	**6,013,884**	(48,352)
Total liabilities and shareholders'' equity	**$ 6,749,697**	$ 385,008

Nature of operations and going concern considerations (Note 1)
Commitments and contingencies (Note 8, 13 and 19)
Events subsequent to year end (Note 20)

Approved on behalf of the Board

"Stephen Stewart" Director   "*Alexander Stewart"* Director

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

Mistango River Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Cdn$)

For the years ended December 31,

	2020	2019
Expenses		
Management and consulting *(Note 7)*	**$ 242,580**	$ 114,591
Salaries and benefits *(Note 7)*	**-**	86,714
Share-based compensation *(Note 7 and 10)*	**166, 200**	-
Professional fees	**65,404**	63,473
Office, general and administrative (Notes 7 and 8)	**37,192**	47,230
Transfer agent, filing fees and shareholder communications	**166,937**	100,086
Amortization *(Note 5, 11)*	**28,628**	8,144
Loss on sale of investments *(Note 4)*	**16,251**	-
Loss on disposal of equipment	**2,600**	36,878
(Gain) on sale of royalties *(Note 18)*	**-**	(225,000)
(Gain) on disposal of subsidiary *(Note 7)*	**(126)**	-
Exploration and evaluation expenditures *(Note 7 and 13)*	**803,139**	179,583
Interest expenses, net of interest income	**2,066**	163
Board take-over expenses *(Note 17)*	**-**	539,022
Total expenses	**1,530,871**	950,884
Loss from operations for the year	**(1,530,871)**	(950,884)
Deferred income tax recovery		
Flow-through share premium liability *(Note 9,16)*	**-**	-
Recovery due to interest accretion of convertible debenture *(Note 16)*	**-**	82
	-	82
Net loss for the year	**(1,530,871)**	(950,802)
Items that will subsequently be reclassified to net loss		
Unrealized loss on investments *(Note 4)*	**21,288**	12,947
Comprehensive loss for the year	**$ (1,552,159)**	$ (937,855)
Net loss per share		
Basic and diluted	$(0.01)	$(0.02)
Weighted average number of shares outstanding		
Basic and diluted	108,027,993	47,670,824

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

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

	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 for the year	-	-	-	(950,802)	-	(950,802)
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 for the year	-	-	-	(1,530,871)	-	(1,636,716)
Shares issued for exploration expense	1,500,000	150,000	-	-	-	150,000
Hard-dollar private placement	35,168,406	2,874,820	-	-	-	2,874,820
Value of warrants	-	(1,028,000)	1,028,000	-	-	-
Flow-through private placement	17,551,903	4,868,398	-	-	-	4,868,398
Value of warrants	-	(1,184,000)	1,184,000	-	-	-
Flow-through share premium	-	(511,854)	-	-	-	(511,854)
Broker units issued	749,902	109,300	-	-	-	109,300
Value of warrants	-	(33,000)	33,000	-	-	-
Flow-through share premium	-	(1,442)	-	-	-	(1,442)
Share issue costs	-	(571,088)		-	-	(571,088)
Exercise of warrants	4,848,250	471,552	(113,297)	-	-	358,255
Compensation options issued	-	-	131,963	-	-	131,963
Stock-based compensation	-	-	166,200	-	-	166,200
Equity portion of convertible debentures	-	-	(2,733)	-	-	(2,733)
Unrealized gain on investments	-	-	-	-	21,288	21,288
Balance at December 31, 2020	130,467,699	$ 26,905,216	$ 7,294,773	$ (28,186,087)	$ (18)	$ 6,013,884

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

Mistango River Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Cdn$)
For the years ended December 31,

	2020	2019
Operations		
Net loss for the year	**$ (1,530,871)**	$ (950,802)
Adjustments to reconcile net (loss) to cash flow from operating activities;		
(Gain) on sale of royalties	**-**	(225,000)
Flow-through share premium renunciation	**-**	(82)
Share-based compensation	**166,200**	-
Issue of shares for exploration expenses	**150,000**	-
Loss on disposal of investments	**16,251**	-
Loss on disposal of capital assets	**2,600**	36,878
Accretion expenses	**-**	310
Accrued Interest expenses	**8,828**	1,903
Amortization	**28,628**	8,694
Net change in non-cash operating working capital items:		
Amounts receivable	**(14,204)**	26,603
GST/HST recoverable	**(41,178)**	(31,180)
Prepaid expense	**(6,166)**	(11,185)
Accounts payable and accrued liabilities	**(184,262)**	294,637
Due to related parties	**(12,168)**	-
Cash (Used In) Operating Activities	**(1,416,342)**	(849,574)
Financing		
Common shares and warrants issued for cash	**7,743,217**	850,000
Share issue costs	**(329,841)**	(32,223)
Warrants exercised	**358,272**	-
Repayment of lease obligation	**(25,974)**	(4,170)
Promissory note advanced	**-**	55,000
Cash from Financing Activities	**7,745,674**	868,607
Investing		
Proceeds from sale of royalties	**-**	225,000
Proceeds from sale of investments	**21,329**	-
Purchase of equipment	**(33,584)**	-
Proceeds from sale of equipment	**2,500**	-
Cash from (used in) Investing Activities	**(9,755)**	225,000
Net Increase in Cash	**6,319,577**	244,033
Cash at Beginning of Year	**257,016**	12,983
Cash at End of Year	**$ 6,576,593**	$ 257,016

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

1. Nature of Operations and Going Concern Considerations

Mistango River Resources Inc. ("Mistango" or the "Company") is a federally incorporated company. The Company's head office is located at 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 Corporation was sold. (Note 7).

As at December 31, 2020, the Company had cash of $6,576,593 (2019 - $257,016), and working capital of $5,951,708 (2019 - working capital deficiency - $48,634). Mistango had an accumulated deficit of $28,291,932 at December 31, 2020 (2019 - $26,655,216) and expects to incur further losses in the development of its business. 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 may 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 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 consolidated financial statements were authorized for issue on April 30, 2021 by the directors of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on IFRS issued and effective December 31, 2020.

2.2 Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments 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 from the date of acquisition (December 4, 2019) up until February 28, 2020 at which time there was a loss in control as a result of disposition as detailed in Note 7.

Control is achieved when the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through 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.

The accounts of Standard Ore Corporation are prepared for the same reporting period as the parent company, using consistent accounting policies.

2.4 New and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The adoption of these new standards did not have a material impact on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments are effective for annual periods beginning on January 1, 2020.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

2. BASIS OF PREPARATION (Continued)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

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, contingencies and share-based payments. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

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.

Share-based payments and warrants

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are estimated at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and

2. BASIS OF PREPARATION (Continued)

assumptions are inherently uncertain. Warrants are valued in a similar way. Changes in these assumptions affect the fair value estimates.

Estimation of decommissioning and restoration costs and timing of expenditure

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. The cost estimates are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals.

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Exploration and evaluation expenditures

Mineral property acquisition costs are expensed as incurred. Exploration expenditures are the costs incurred in the initial search for mineral deposits with economic potential. Exploration expenditures

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

typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. All exploration expenditures are expensed as incurred.

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures incurred subsequent to this date related to development and construction are capitalized as construction-in-process and classified as a component of property, plant and equipment.

Government tax credits are recorded as a reduction to exploration expense.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Mining properties and process facility assets are amortized upon commencement of commercial production either on a unit-of-production basis over measured and indicated resources included in the mine plan or the life of mine.

3.2 Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment losses.. Amortization is provided using the declining balance method over the assets estimated useful life, less their estimated residual value, at the following annual rates.

Automotive equipment	20%
Office furniture and equipment	20%
Mining equipment	20%

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,

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

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.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

An additional expense is recognized for any modification which increases the total fair value of the share- based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification. The outstanding options were excluded in the computation of loss per share as their effect would be anti-dilutive.

3.4 Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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

The carrying amount of deferred income tax assets is reviewed at each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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 by the end of the reporting period. 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.

3.5 Flow-through share issuances

The Company finances a portion of its exploration activities through the issue of flow-through shares issued pursuant to the Canadian Income Tax Act (“Tax Act”). Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian exploration and development expenses as defined in the Tax Act.

Pursuant to the terms of the flow-through share subscription agreements, these shares transfer the tax deductibility of qualifying expenditures to flow-through investors. On issuance, the Company allocates a portion of the subscription proceeds as a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a flow-through share liability. As expenditures are incurred and applied against the Company’s associated flow-

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

through commitment, the premium liability is reduced proportionately, charged as a deferred income tax recovery in operations.

3.6 Financial Instruments

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.

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.

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

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

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

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

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

The classification of the financial assets and liabilities at December 31, 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.

3.8 Impairment of financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

3.9 Provisions

Provisions are recognized when the Company has a legal or constructive present obligation that has arisen as a result of past events and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are recognized at the best estimate of the expenditures required to settle the present obligation at the end of the reporting period. Where the effect of the time value is material, the amount of provision will be presented at the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3.10 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss.

3.11 Related party transactions

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

3.12 Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The fully diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the year, if dilutive. During the years ended December 31, 2020 and 2019 the outstanding stock options and warrants were antidilutive.

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

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 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 an equity component. 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.

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 investments classified as FVTOCI.

Lease obligations

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.

The Company recognizes a lease obligation and right-of-use asset for its premises lease. The lease obligation is measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate of 12%.

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

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.

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
On initial recognition, the right-of-use asset is estimated at an amount equal to the initial value of the lease obligation, 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 are depreciated using the straight-line over 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		Cost	
	2020	2019	2020	2019
Cost of investments in publicly listed companies:				
RJK Explorations Ltd.	**Nil**	**83,512**	**$ -**	$37,580
Strategic Resources Inc.	**23**	**23**	**18**	18
Unrealized losses included in accumulated other comprehensive loss			**(18)**	(21,306)
	-	**-**	**$ -**	$16,292

During the year ended December 31, 2020, the Company sold 83,512 shares of RJK Explorations and recorded a loss on sale of investment of $16,251 (2019 - $Nil). Furthermore, during the year ended December 31, 2020, the Company recorded an unrealized loss on investments of $21,288 (2019 - $12,947).

5. Equipment

	Automotive equipment	Mining equipment	Office furniture and equipment	Total
Cost				
Balance, December 31, 2018	$ 112,538	$ 80,710	$ 36,776	$ 230,024
Additions	-	-	-	-
Disposal	(82,367)	-	(36,776)	(119,143)
Balance, December 31, 2019	30,171	80,710	-	110,881
Additions	33,583	-	-	33,583
Disposal	(30,171)	-	-	(30,171)
Balance, December 31, 2020	33,583	80,710	-	114,293
Accumulated amortization				
Balance December 31, 2018	$ 70,038	$ 66,157	$ 35,889	$ 172,084
Amortization	1,276	2,910	134	4,320
Disposal	(46,242)	-	(36,023)	(82,265)
Balance, December 31, 2019	25,072	69,067	-	94,139
Amortization	3,358	2,329	-	5,687
Disposal	(25,072)	-	-	(25,072)
Balance, December 31, 2020	3,358	71,396	-	74,754
Net book value, December 31, 2019	$ 5,099	$ 11,103	$ -	$ 16,742
Net book value, December 31, 2020	$ 30,225	$ 9,314	$ -	$ 39,539

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 to related parties which may be voluntarily extended by the related parties.

The following is a summary aging analysis of these liabilities:

	2020	2019
Less than 30 dys	**$ 84,824**	$ 25,066
31 to 90 days	**16,742**	112,760
Greater than 90 days	**33,516**	181,519
	$ 135,083	$ 319,345

7. Related Parties Transactions and Balances

	2020	2019
Due from Standard Ore Corporation	**$ 14,204**	$ -
Due (to) Orefinders Resources Inc.	**$ -**	$ (2,356)
Due (to) QC Copper and Gold Inc.	**-**	(9,812)
	$ 14,204	$ (12,168)

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

Standard Ore Corporation ("Standard Ore") is a private company incorporated in Ontario, controlled by a director. Standard Ore was acquired from this director as a 100% subsidiary of Mistango on December 4, 2019. Subsequently on February 28, 2020, the 100% interest was sold back to an officer and director of the Company and recorded a gain of $126 in the statement of loss for the year ended December 31, 2020. Standard Ore had no operations from that date of incorporation to December 4, 2019. Since Standard Ore 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. Standard Ore now provides corporate and premises rental services to the Company. For the year ended December 31, 2020 to February 28, 2020, Standard Ore charged the Company $23,768 in fees for CFO services included in management and consulting fees.

Orefinders Resources Inc. ("Orefinders") 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 December 31, 2020, Orefinders owned approximately 19% of the common shares of the Company. Under the February 28, 2020 private placement, Orefinders purchased a total of 7,692,308 common shares of the Company.

QC Copper and Gold Inc. ("QC Copper") (previously named PowerOre inc.) is a junior mineral exploration company listed on the TSX-Venture exchange. Each of the Company's and QC Copper's board of directors are controlled by the same three parties. At December 31, 2020, QC Copper had no common share interest in the Company.

Amounts due to and from these related parties are unsecured, non-interest bearing with no fixed terms of repayment.

Key management includes the Company's directors, officers, and employees with the authority and responsibility for either directly or indirectly planning, directing and controlling the activities of the Company. Compensation awarded to key management during the years ended December 31, 2020 and 2019 include:

	2020	2019
Short-term employee compensation		
Included in exploration and evaluation expenditures	$ 95,196	$ 16,153
Management fees for CEO and Chairman services	149,300	68,267
Salaries for former COO services	-	81,751
Consulting fees for CFO services	29,768	29,600
Consulting fees for corporate development services	60,583	15,225
Share-based compensation	81,158	-
	$ 416,005	$ 210,996

A corporate entity that is controlled by Mistango's former CEO and director rented commercial office space to Mistango. During the year ended December 31, 2020, the Company incurred $Nil (2019 - $18,816) 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 related companies. The lease payments were capitalized in the lease obligation according to *IFRS 16 – lease* (Note 12). During the year ended December 31, 2020, rent charges of $21,631 (2019 - $Nil) were recorded as reductions against the lease obligation for the premise under IFRS 16. The Company also realized a recovery of rent in the amount of $11,121 (2019 - $Nil) granted by the primary landlord as a result of the Covid-19 pandemic and this was offset against office, general and administrative in the December 31, 2020 statement of loss.

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

Accounts payable and accrued liabilities at December 31, 2020 includes $222 (2019 - $16,260) owing to officers, directors and companies controlled by officers and directors. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

See notes 8 and 10.

8. Convertible debentures

As at December 31, 2020, the Company was indebted in the amount of $55,000 (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, is now due on demand, bears interest at the rate of 8% 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 year ended December 31, 2020 has been included in office and general and administrative and totaled $4,412 (2019 - $1,240).

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. 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 $55,000 and the equity component was assigned a value of $2,733. The debt component is subsequently accounted for at amortized cost using the effective interest rate method.

8. Convertible debentures *(Continued)*

	2020	2019
Balance – beginning of year	$ 52,478	$ -
Issuance of convertible debentures	-	55,000
Less fair value of equity component	-	(2,733)
Less deferred tax liabilities	-	(985)
Accrued interest and accretion	7,790	1.196
Balance – end of year	$ 60,268	$ 52,478

9. Flow-through share premium liability

The issuance of flow-through common shares requires the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not incurred the required exploration expenditures. As expenditures are incurred, the flow-through share premium liability is reversed (see note 19). At December 31, 2020, the flow-through share premium liability was $513,296 (2019 - $Nil).

10. 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

10. Share Capital *(continued)*

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 September 29, 2020, the Company closed a $2,330,958 brokered flow-through private placement financing at a price of $0.28 per unit and a $835,820 brokered hard-dollar private placement financing at a price of $0.22 per unit for a total of $3,166,778. Under the flow-through financing, 8,324,850 units were issued consisting of one flow-through share and one-half of one common share purchase warrant, with each whole warrant exercisable until September 29, 2022 at an exercise price of $0.35 for one common share. The valuation of the warrants issued in connection with the flow-through financing was $473,000 using the Black-Scholes option pricing model. Under the hard-dollar financing, 3,799,182 units were issued consisting of one share and one-half of one common share purchase warrant, with each whole warrant exercisable until September 29, 2022 at an exercise price of $0.30 for one common share. The valuation of the warrants issued in connection with the hard-dollar financing was estimated in the amount of $222,000 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 178% based on historical share prices, risk free interest rate of 0.24%, share price of $0.16 and an expected life of 2 years.

In connection with private placement, the Company issued 766,043 compensation option warrants as a finder’s fee at a valuation of $131,963 using the Black-Scholes option pricing model. Each broker compensation option is exercisable into one unit at an exercise price of $0.24 per unit for a term of two years. The following assumptions were used in the Black-Scholes option pricing model calculations: expected dividend yield rate of 0%, expected volatility of 178% based on historical share prices, risk free interest rate of 0.30%, unit price of $0.22 and an expected life of 2 years. Also, in connection with financing the Company incurred cash finders’ fees, legal expenses and other financing costs of $323,801.

(b) 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 unit. Mistango issued 9,227,053 units consisting of one common shareand one half of one common share purchase warrant, with each whole warrant exercisable up to May 22, 2022 after closing at an exercise price of $0.35 for one common share. The valuation of the warrants was estimated in the amount of $711,000 using the Black-Scholes option pricing model. In connection with private placement, the Company issued 288,364 broker units consisting of one common share and one half of one common share purchase warrant, with each whole warrant exercisable up to May 22, 2022 after closing at an exercise price of $0.35 for one common share, as a finder’s fee for a total of total value of $79,300. The valuation of the broker unit warrants was estimated in the amount of $21,000 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 183% based on historical share prices, risk free interest rate of 0.29%, share price of $0.28 and an expected life of 2 years. Also, in connection with financing the Company incurred cash financing costs of $6,024.

(c) 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 the 100% interest by issuing Hinterland Metals 1,500,000 common shares at a valuation of $0.10 per share based on the quoted market price of the shares.

(d) 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 and one common share purchase warrant, with each warrant exercisable for up to February 28, 2022 at an exercise price of $0.08 for one common share. 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 broker units, consisting of one common share and one common share purchase warrant, with each warrant exercisable for up to February 28, 2022 at an exercise price of $0.08 for one

10. Share Capital *(continued)*

common share, as a finder's fee for a total of total value of $30,000. The valuation of the broker units 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% based on historical share prices, risk free interest rate of 1.14%, share price of $0.04 and an expected life of 2 years.

Under the private placement, Orefinders purchased a total of 7,692,308 units.

(e) 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 common 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% based on historical share prices, risk free interest rate of 1.67% and an expected life of 2 years.

(f) 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 $166,200 was estimated using the Black-Scholes option pricing model assuming an expected life of 5 years, expected dividend yield of 0%, a risk-free interest rate of 1.31%, share price of $0.04 and an expected volatility of 198%, based on historical share prices. The granting of these options resulted in a share-based payment expense of $166,200 during the year ended December 31, 2020 (2019 - $nil).

Options outstanding to purchase common shares are as follows:

	2020			2019	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of year	-	$ -	-	1,500,000	$ 0.10
Options granted	4,300,000	0.07	4.12	-	-
Options forfeited	-	-		(1,500,000)	($0.10)
Options outstanding, end of year	4,300,000	$ 0.07	4.12	-	$ -
Options exercisable, end of year	4,300,000	$ 0.07	4.12	-	$ -

10. Share Capital *(continued)*

Warrants

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

	2020			2019	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	8,452,334	$ 0.05	1.94	-	$ -
Warrants exercised	(4,848,250)	(0.07)	(1.11)		
Warrants issued	41,726,312	0.15	1.25	8,333,334	0.05
Brokers warrants issued	605,720	0.14	1.21	119,000	0.05
Warrants outstanding, end of year	45,936,116	$ 0.14	1.22	8,452,334	$ 0.05

As at December 31, 2020, the following warrants were outstanding and exercisable.

Number of warrants outstanding	Exercise Price	Expiry Date
7,408,334	$0.05	December 6, 2021
57,750	$0.05	December 6, 2021
27,507,224	$0.08	February 28, 2022
461,538	$0.08	February 28, 2022
4,613,527	$0.35	May 22, 2022
144,182	$0.35	May 22, 2022
1,581,136	$0.30	September 29, 2022
4,162,425	$0.35	September 29, 2022
45,936,116	$0.14	

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	-	2,212,000	-	2,212,000
Value of broker warrants issued on private placement	-	33,000	-	33,000
Value of warrants exercised	-	(113,297)	-	(113,297)
Value of compensation options (i)	131,963	-	-	131,963
Equity component of convertible debentures	-	-	(2,733)	(2,733)
Stock options granted	166,200	-	-	166,200
Balance at December 31, 2020	$ 298,143	$ 2,250,016	$ 4,746,594	$ 7,294,773

(i) Broker compensation options

In connection with the September 29, 2020 financing, the Company issued 766,043 broker compensation options. Each broker compensation option is exercisable into one unit at an exercise price of $0.24 per unit for a term of two years. These options vested immediately. The

10. Share Capital *(continued)*

total fair value of $131,963 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, expected dividend yield of 0%, a risk-free interest rate of 0.29%, share price of $0.20 and an expected volatility of 178%, based on historical share prices.

As at December 31, 2020 the following broker compensation options were outstanding.

Number of broker compensation options outstanding	Exercise Price	Expiry Date
766,043	$0.24 (1)	September 29, 2022

(1) Exercisable into one unit, comprised of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable until September 29, 2022 at an exercise price of $0.30 for one common share.

11. Right-of-use Asset

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

		2020		2019
Balance – beginning of year	$	47,795	$	-
Additions		-		51,619
Amortization		(22,941)		(3,824)
Balance – end of year	$	24,854	$	47,795

12. Lease obligation

The following table presents the lease obligation for the Company:

		2020		2019
Balance – beginning of year	$	48,466	$	-
Additions		-		51,619
Interest expenses on lease obligation		4,674		1,017
Rent payments		(25,974)		(4,170)
Balance – end of year		27,166		48,466
Less current portion		(24,949)		(21,300)
Non-current portion – end of year	$	2,217	$	27,166

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

Less than one year	$	24,949
One to two years		2,217
Total undiscounted lease obligation	$	27,166

When measuring the lease obligation, the Company discounted the remaining lease payments using the estimated incremental borrowing rate of 12% per annum.

13. Mineral Properties and Exploration and Evaluation Expenditures

The evaluation and exploration expenditures incurred during the years ended December 31, 2020 and 2019, and since project inception, for each property is as follows:

Property	**2020**	2019	**Cumulative Since Project**
Kirkland West - Eby/Baldwin, Ontario	**$ 792,089**	$ 2,382	$ 1,664,207
Goldie, Ontario	-	-	513,053
Omega, Ontario	**9,985**	1,397	6,050,927
Sackville, Ontario	**1,065**	166,672	1,191,825
Other	**-**	9,132	113,650
	$ 803,139	$ 179,583	$ 9,533,662

Kirkland West

On March 26, 2020 the Company announced the acquisition of a 100% interest in the Teck-Kirkland Property from Hinterland Metals ("Hinterland").

The royalty schedule on the Hinterland claims was compiled for the Hinterland purchase agreement. Most of the claims have a 2% NSR, of which half can be purchased for a total of $6 million and the Company retains a right of first refusal on the remaining royalty. Only one claim (L6784) has an advanced royalty payment of $1,500 due on an annual basis.

Goldie

The Goldie Property is located in Dawson Road Lots Township, approximately 50km northwest of Thunder Bay on Trans-Canada highway 17. Mistango has an agreement with RJK Exploration Inc. (“RJK”) for a 50% participation. RJK is the operator of the project.

Omega

The 100%-owned Omega property is located immediately north of the village of Larder Lake, Ontario in the township of McVittie. There are no royalties attached to any of the leases or patents.

Sackville

Mistango holds a 100% interest in the Sackville. The claims are located 100 km west of Thunder Bay in Adrian, Aldina, Sackville, and Marks townships. There are no royalties on any of the claims on the Sackville Property.

14. 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

14. Capital Management *(continued)*

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 years ended December 31, 2020 and 2019. The Company is not subject to externally imposed capital requirements.

15. 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, GST/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 December 31, 2020, the Company had current assets of $6,685,304 (2019 - $304,179) to settle current liabilities of $733,596 (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 held common shares of companies traded on the CSE and TSX-V. These investments,

15. Financial Instruments *(continued)*

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.

16. Income Tax Recovery

Deferred income tax recovery

The Company's income tax provision differs from the application of the Canadian statutory income tax rate of 26.5% (2019 – 26.5%). A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates is as follows:

	2020	2019
Loss before income taxes	$ (1,530,871)	$ (950,802)
Statutory tax rate	26.5%	26.5%
Income taxes recovery at the statutory tax rate	$ (406,000)	$ (251,963)
Increase (decrease) resulting from		
Exploration and evaluation expenditures capitalized for tax purposes	(210,000)	47,589
Flow-through renunciation	93,000	-
Share-based compensation	72,000	
Non-deductible items for taxes	8,000	(57,115)
Provision for deferred income tax asset	443,000	261,407
Deferred Income tax recovery	$ -	$ (82)

Deductible temporary differences

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profit will be available against which the Company can use the benefits..

	2020	2019
Equipment	$ 289,000	$ 94,200
Exploration and evaluation expenses	8,700,000	2,186,800
Share issue costs	283,000	6,800
Lease	-	(200)
Non-capital losses available for future years	6,450,000	1,464,600
Capital losses available for future years	0	161,400
	$ 15,722,000	$ 3,913,600

17. Board Takeover Expenses

In May 2019, Orefinders commenced action to have its own nominee slate elected to the board of directors of the Company. During the year ended December 31, 2020, the Company incurred $Nil (2019 - $539,022) in legal defense expenses related to the proxy contest. On October 21, 2019, Orefinders was successful in having its entire nominee slate elected to the board of directors thereby replacing the former board of directors.

18. Gain on Sale of Royalties

(a) On May 7, 2019, Mistango entered into an agreement to sell its 1% Net Smelter Returns Royalty on the Estrades Properties for $75,000 cash and recorded a $75,000 gain in 2019 (2020 - $Nil).

(b) On June 20, 2019, Mistango entered into a royalty agreement to sell its 3% Net Smelter Returns Royalty on the Omega and Sackville properties for $150,000 cash and recorded a $150,000 gain in 2019 (2020 - $Nil). The agreement provides Mistango with a five-year irrevocable option to repurchase 2% of the Royalty from the purchaser for $500,000 cash.

19. Commitments and Contingencies

(a) During 2020, the Company received $4,627,773 (net of $240,625 in subscriptions by US residents) (2019 – 305,000) from the issue of flow-through shares. Through December 31, 2020, the Company expended $613,023 in eligible exploration expenditures and, as a result is committed to spend a further $4,481,077 before December 31, 2021.

The Company has indemnified the subscribers of the flow-through share offerings against any tax-related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments.

On July 10, 2020, the Department of Finance Canada announced a proposal to extend the time that issuers of "flow-through shares" have to incur eligible expenditures by 12 months. This extension applies to issuers with operations that have been impacted by COVID-19 and should provide relief to mining companies that have had to change or halt their operations due to the pandemic.

(b)Since December 31, 2020, 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 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.

20. Events Subsequent to Year End

The Company entered into an option agreement (the "Option Agreement") and a subscription agreement (the "Subscription Agreement") both dated April 21, 2021 with Kirkland Lake Gold Inc. ("Kirkland"), a wholly owned subsidiary of Kirkland Lake Gold Ltd. Pursuant to the Option Agreement, Kirkland was granted the Option (as defined below), consisting of the right to earn-in to acquire up to a 75% interest in each of the Company's Omega and Eby-Baldwin Properties (the "Properties"). Pursuant to the Subscription Agreement, Kirkland agreed to acquire 14,300,000 shares at $0.15 per share being equal to 9.9% of the issued and outstanding common shares of the Company for an investment of $2,145,000. The Company also granted Kirkland a pre-emptive right to maintain its up to 9.9% equity interest in the Company, other than pursuant to dilutions as a result of securities of the Company issued (i) as compensation to officers, employees, directors or consultants; (ii) pursuant to the exercise of existing convertible securities of the Company; (iii) pursuant to the terms of pre-existing agreements; or (iv) as consideration for future mergers and acquisitions.

20. Events Subsequent to Year End *(continued)*

In addition, Kirkland was granted a right of first refusal to participate with the Company on and rights of first offer with respect to any potential joint venture agreements, sale agreements or financing to be entered into between the Company and any third parties in respect of the Company's properties and/or any future property interests acquired by the Company in Ontario or Quebec, for so long as the Company maintains an equity interest of at least 5.0% in the Company.

Pursuant to the Option Agreement, Kirkland has been granted the option (the "Initial Option") to acquire up to an undivided 50% interest in the Properties through the funding of exploration expenditures in the amount of $10 million (the "Phase 1 Expenditures") during the initial 5-year term of the Option Agreement (the "Option Period"), with Kirkland incurring a minimum $1 million of the expenditures prior to the one year anniversary of the effective date of the Option Agreement and a further $1.5 million prior to the second anniversary date. During the Option Period, the Company will continue to act as operator of the Properties. Upon satisfaction of its funding obligations in respect of the Phase 1 Expenditures, Kirkland will have earned a 50% interest in the Properties, and the Company and Kirkland will be deemed to have formed a 50:50 joint venture (the "Joint Venture") to carry on operations in respect of the Properties.

Upon formation of the Joint Venture, Kirkland will have the further option (the "Final Option" and together with the Initial Option, the "Option") to acquire an additional 25% interest by incurring additional expenditures of $50 million within the first five year period following formation of the Joint Venture (the "Second Option Period"). During the Second Option Period, Kirkland will act as operator with respect to operations on the Properties.

The Option Agreement and Subscription Agreement are both subject to regulatory approval.

Subsequent to December 31, 2020, the Company received $8,333 from the exercise of 166,667 warrants with an exercise price of $0.05.

Subsequent to December 31, 2020, the Company received $70,000 from the exercise of 1,000,000 options with an exercise price of $0.07.