



MISTANGO RIVER
RESOURCES

MISTANGO RIVER RESOURCES INC.

Annual Consolidated Financial Statements

For the years ended December 31, 2021 and 2020

Audit. Tax. Advisory.

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. and its subsidiary (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' equity (deficit) and consolidated statements of cash flows for the years 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, 2021 and 2020 and its consolidated financial performance and its consolidated cash flows for the years 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 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.

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 29, 2022

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

	2021	2020
Assets		
Current		
Cash	\$ 7,091,477	\$ 6,576,593
GST/HST receivable	110,438	77,156
Amounts receivable (Note 13)	615,550	-
Prepaid expense	45,474	17,351
Due from related parties (Note 7)	81,093	14,204
Total current assets	7,944,032	6,685,304
Right-of-use assets (Note 11)	1,912	24,854
Equipment (Note 5)	31,631	39,539
Total assets	\$ 7,977,575	\$ 6,749,697
Liabilities		
Current		
Accounts payable and accrued liabilities (Notes 6 and 7)	\$ 855,482	\$ 135,083
Convertible note (Note 8)	64,668	60,268
Flow-through share premium liability (Note 9)	513,296	513,296
Lease obligation – Current (Note 12)	2,223	24,949
Total current liabilities	1,435,669	733,596
Lease obligation (Note 12)	-	2,217
Total liabilities	1,435,669	735,813
Shareholders' Equity		
Share capital (Note 10)	29,454,461	26,905,216
Reserves (Note 10)	7,373,735	7,294,773
Accumulated deficit	(30,286,272)	(28,186,087)
Accumulated other comprehensive loss (Note 4)	(18)	(18)
Total shareholders' equity	6,541,906	6,013,884
Total liabilities and shareholders' equity	\$ 7,977,575	\$ 6,749,697

Nature of operations and going concern considerations (Note 1)
Commitments and contingencies (Note 8, 13 and 17)
Subsequent event (Note 18)

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,

	2021	2020
Expenses		
Management and consulting (Note 7)	\$ 268,639	\$ 242,580
Share-based compensation (Note 7 and 10)	181,974	166,200
Professional fees	58,604	65,404
Office, general and administrative (Notes 7 and 8)	27,253	37,192
Transfer agent, filing fees and shareholder communications	95,907	166,937
Amortization (Note 5, 11)	30,850	28,628
Loss on sale of investments (Note 4)	-	16,251
Loss on disposal of equipment	-	2,600
(Gain) on disposal of subsidiary (Note 7)	-	(126)
Exploration and evaluation expenditures (Note 7 and 13)	1,465,699	803,139
Interest expenses, (net of interest income)	(28,741)	2,066
Total expenses	2,100,185	1,530,871
Net loss for the year	(2,100,185)	(1,530,871)
Items that will subsequently be reclassified to net loss		
Unrealized loss on investments (Note 4)	-	21,288
Comprehensive loss for the year	\$ (2,100,185)	\$ (1,552,159)
Net loss per share		
Basic and diluted	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding		
Basic and diluted	141,161,124	108,027,993

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\$)

For the years ended December 31, 2021 and 2020

	Number of Shares	Amount	Reserves	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity (deficit)
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)	-	(1,530,871)
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
Net loss for the year	-	-	-	(2,100,185)	-	(2,100,185)
Hard-dollar private placement	14,300,000	2,145,000	-	-	-	2,145,000
Exercise of stock options	1,000,000	108,646	(38,646)	-	-	70,000
Exercise of warrants	4,623,999	295,599	(64,366)	-	-	231,233
Share-based compensation	-	-	181,974	-	-	181,974
Balance at December 31, 2021	150,391,698	\$ 29,454,461	\$ 7,373,735	\$ (30,286,272)	\$ (18)	\$ 6,541,906

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,

	2021	2020
Operations		
Net loss for the year	\$ (2,100,185)	\$ (1,530,871)
Adjustments to reconcile net (loss) to cash flow from operating activities:		
Share-based compensation	181,974	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
Accrued Interest expenses	6,322	8,828
Amortization	30,850	28,628
Net change in non-cash operating working capital items:		
GST/HST recoverable	(33,282)	(41,178)
Amounts receivable	(615,550)	(14,204)
Prepaid expense	(28,123)	(6,166)
Accounts payable and accrued liabilities	720,399	(184,262)
Due to related parties	-	(12,168)
Cash (Used In) Operating Activities	(1,837,595)	(1,416,342)
Financing		
Common shares and warrants issued for cash	2,145,000	7,743,217
Share issue costs	-	(329,841)
Stock options exercised	70,000	-
Warrants exercised	231,233	358,272
Repayment of lease obligation	(26,865)	(25,974)
Cash Provided by Financing Activities	2,419,368	7,745,674
Investing		
Proceeds from sale of investments	-	21,329
Due from related parties	(66,889)	-
Purchase of equipment	-	(33,584)
Proceeds from sale of equipment	-	2,500
Cash (Used In) Investing Activities	(66,889)	(9,755)
Net Increase in Cash	514,884	6,319,577
Cash at Beginning of Year	6,576,593	257,016
Cash at End of Year	\$ 7,091,477	\$ 6,576,593

Supplement cash flow information

Broker compensation options issued	\$ -	\$ 131,963
Broker units issued	\$ -	\$ 109,300

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, 2021, the Company had cash of \$7,091,477 (2020 - \$6,576,593), and working capital of \$6,508,363 (2020 - \$5,951,708). Mistango had an accumulated deficit of \$30,286,272 at December 31, 2021 (2020 - \$28,186,087) 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 property interests. 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 29, 2022 by the directors of the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated 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 consolidated financial statements are based on IFRS issued and effective December 31, 2021.

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 were prepared for the same reporting period as the parent company, using consistent accounting policies.

2.4 New and amended accounting standards

During the year ended December 31, 2021, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IFRS 16. These new standards and changes did not have any material impact on the Company’s financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. Management is currently evaluating the impact of these pronouncements on the Company’s consolidated financial statements.

IAS 1 – In February 2021, the IASB issued ‘Disclosure of Accounting Policies’ with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued ‘Definition of Accounting Estimates’ to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

2. BASIS OF PREPARATION *(continued)*

IAS 12 – In May 2021, the IASB issued ‘Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction’ that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

IFRS 16 – The IASB has extended the rent concessions amendment issued May 2020 by one year. This amendment provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification. The practical expedient was originally available only for payments due on or before June 30, 2021, however, since the effects of COVID-19 are ongoing and significant, the IASB decided to extend the time period over which the practical expedient is available for use. The amendment is effective for year ends beginning on or after April 1, 2022.

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:

2. BASIS OF PREPARATION *(continued)*

Going concern assumption

The going concern presentation of the financial statements assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

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 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

2. BASIS OF PREPARATION *(continued)*

impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where recoverable amount is less than anticipated,

Contingencies – See Note 17

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, by 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.

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.

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

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-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

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

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 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).

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

The classification of the financial assets and liabilities at December 31, 2021 and 2020 is as follows:

Financial Instrument	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Due from related parties	Amortized cost
Investments	FVOCI
Accounts payable and accrued liabilities	Amortized cost
Convertible note	Amortized cost
Lease obligation	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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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, 2021 and 2020 all of the outstanding stock options and warrants 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 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

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

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%.

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

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

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	
	2021	2020	2021	2020
Cost of investments in publicly listed companies:				
RJK Explorations Ltd.	Nil	Nil	\$ -	\$ -
Strategic Resources Inc.	23	23	18	18
Unrealized losses included in accumulated other comprehensive loss			(18)	(18)
	-	-	\$ -	\$ -

During the year December 31, 2021, the Company sold Nil (2020 - 83,512) shares of RJK Explorations and recorded a loss on sale of investment of \$Nil (2020 - \$16,251). Furthermore, during the year ended December 31, 2021, the Company recorded an unrealized loss on investments of \$Nil (2020 - \$21,288).

5. EQUIPMENT

	Automotive equipment	Mining equipment	Total
Cost			
Balance, December 31, 2019	\$ 30,171	\$ 80,710	\$ 110,881
Additions	33,583	-	33,583
Disposal	(30,171)	-	(30,171)
Balance, December 31, 2020 and December 31, 2021	33,583	80,710	114,293

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5. EQUIPMENT (continued)

Accumulated amortization			
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
Amortization	6,045	1,863	7,908
Balance, December 31, 2021	9,403	73,259	82,662
Net book value, December 31, 2020	\$ 30,225	\$ 9,314	\$ 39,539
Net book value, December 31, 2021	\$ 24,180	\$ 7,451	\$ 31,631

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:

	2021	2020
Less than 30 days	\$ 443,670	\$ 84,825
31 to 90 days	400,654	16,742
Greater than 90 days	11,158	33,516
	\$ 855,482	\$ 135,083

7. RELATED PARTIES TRANSACTIONS AND BALANCES

	2021	2020
Due from Standard Ore Corporation	\$ 34,427	\$ 14,204
Due from 2287957 Ontario Ltd	46,666	-
	\$ 81,093	\$ 14,204

Standard Ore Corporation (“Standard Ore”) was 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 a gain of \$126 was recorded 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 provides corporate and premises rental services to the Company. The Company incurred \$30,000 (2020 - \$Nil) in consulting expenses for the CEO and \$31,750 (2020 - \$23,768) in expenses for CFO services during the year ended December 31, 2021. These expenses are included in the compensation table below.

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7. RELATED PARTIES TRANSACTIONS AND BALANCES *(continued)*

2287957 Ontario Ltd. Is a private company incorporated in Ontario and is controlled by a director.

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

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, 2021, Orefinders owned approximately 16% of the common shares of the Company (2020 – 19%). Under the February 28, 2020 private placement, Orefinders purchased a total of 7,692,308 common shares of the Company.

Key management includes the Company's directors, officers, and employees with the authority and responsibility for either directly or indirectly planning, directing and controlling the activities of the Company. Compensation awarded to key management during the years ended December 31, 2021 and 2020 include:

	2021	2020
Geological consulting included in exploration expenses	\$ -	\$ 95,196
Management fees and consulting fees	245,833	239,651
Share-based payments	153,978	81,158
	\$ 399,811	\$ 416,005

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, 2021, rent charges of \$26,865 (2020 - \$21,631) 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 \$18,354 (2020 - \$11,121) 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, 2021 statement of loss.

Accounts payable and accrued liabilities at December 31, 2021 includes \$Nil (2020 - \$222) 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, 2021, the Company was indebted in the amount of \$55,000 (December 31, 2020 - \$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. Interest expense for the year ended December 31, 2021 has been included in office and general and administrative and totaled \$4,400 (2020 - \$4,412).

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8. CONVERTIBLE DEBENTURES *((continued))*

	2021	2020
Balance – beginning of year	\$ 60,268	\$ 52,478
Accrued interest and accretion	4,400	7,790
Balance – end of year	\$ 64,668	\$ 60,268

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 17). At December 31, 2021, the flow-through share premium liability was \$513,296 (2020 - \$513,296).

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 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 April 21, 2021, the Company closed a private-placement with Kirkland Lake Gold (now Agnico Eagle Gold Mines Ltd. following a merger) and issued 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 a total of \$2,145,000.

(b) 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.

10. SHARE CAPITAL *(continued)*

(c) 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 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. 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.

(d) 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.

(e) 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 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.

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 December 20, 2021, the Company granted 2,600,000 stock options to directors and consultants. The stock options are exercisable at a price of \$0.10 until December 20, 2026 with 2,500,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months. The total fair value of \$181,974 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 1.22%, share price of \$0.075 and an expected volatility of 168%, based on historical share prices. The granting of these options resulted in a share-based payment expense of \$181,974 during the year ended December 31, 2021.

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,

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10. SHARE CAPITAL *(continued)*

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.

Options outstanding to purchase common shares are as follows:

	2021			2020	
	Number of options	Weighted average exercise price	Weighted average life (years)	Number of options	Weighted average exercise price
Options outstanding, beginning of year	4,300,000	\$ 0.07	4.12	-	\$ -
Options granted	2,600,000	0.10	4.97	4,300,000	0.07
Options exercised	(1,000,000)	(0.07)	(3.12)	-	-
Options outstanding, end of year	5,900,000	\$ 0.08	3.93	4,300,000	\$ 0.07
Options exercisable, end of year	5,800,000	\$ 0.08	3.93	4,300,000	\$ 0.07

As at December 31, 2021, the following stock options were outstanding and exercisable.

Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date
3,300,000	3,300,000	\$0.07	February 10, 2025
2,600,000	2,500,000	\$0.10	December 20, 2026
5,900,000	5,800,000	\$0.08	

The weighted average share price at the time of option exercises was \$0.13.

Warrants

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

	2021			2020	
	Number of warrants	Weighted average exercise price	Weighted average life (years)	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	45,936,116	\$ 0.14	1.22	8,452,334	\$ 0.05
Warrants exercised	(4,623,999)	(0.05)	-	(4,848,250)	(0.07)
Warrants expired	(2,842,085)	(0.05)	-	-	-
Warrants issued	-	-	-	41,726,312	0.15
Brokers warrants issued	-	-	-	605,720	0.14
Warrants outstanding, end of year	38,470,032	\$ 0.15	0.27	45,936,116	\$ 0.14

As at December 31, 2021, the following warrants were outstanding and exercisable.

Number of warrants outstanding	Exercise Price	Expiry Date
27,507,224	\$0.08	February 28, 2022 (expired unexercised on February 28, 2022)
461,538	\$0.08	February 28, 2022 (expired unexercised on 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
38,470,032	\$0.15	

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10. SHARE CAPITAL *(continued)*

Share-based Payment Reserves

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

	Options	Warrants	Reserves	Total
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	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	\$ 298,163	\$ 2,250,016	\$ 4,746,594	\$ 7,294,773
Value of stock options exercised	(38,646)	-	-	(38,646)
Value of warrants exercised	-	(64,366)	-	(64,366)
Stock options granted	181,974	-	-	181,974
Balance at December 31, 2021	\$ 441,491	\$ 2,185,650	\$ 4,746,594	\$ 7,373,735

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 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, 2021 and 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:

	2021	2020
Balance – beginning of year	\$ 24,854	\$ 47,795
Amortization	(22,942)	(22,941)
Balance – end of year	\$ 1,912	\$ 24,854

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12. LEASE OBLIGATION

The following table presents the lease obligation for the Company:

	2021	2020
Balance – beginning of year	\$ 27,166	\$ 48,466
Additions	-	-
Interest expenses on lease obligation	1,922	4,675
Rent payments	(26,865)	(25,974)
Balance – end of year	2,223	27,166
Less current portion	(2,223)	(24,949)
Non-current portion – end of year	\$ -	\$ 2,217

The following table presents the contractual undiscounted cash flows for lease obligation as at December 31, 2021.

Less than one year	\$ 2,223
One to two years	-
Total undiscounted lease obligation	\$ 2,223

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, 2021 and 2020, and since project inception, for each property is as follows:

Property	2021	2020	Cumulative Since Project Inception
Kirkland West - Eby/Baldwin, Ontario	\$ 1,452,223	\$ 792,089	\$ 3,116,430
Goldie, Ontario	-	-	513,053
Omega, Ontario	13,476	9,985	6,064,403
Sackville, Ontario	-	1,065	1,191,825
Other	-	-	113,650
	\$ 1,465,699	\$ 803,139	\$ 10,999,361

Kirkland West/Eby-Baldwin

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.

13. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES *(continued)*

("RJK") for a 50% participation. RJK is the operator of the project. The Company is in the process of having the claims transferred into its name.

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.

Option Agreement – Kirkland West/Eby-Baldwin and Omega

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 and its subsidiaries (now Agnico Eagle Gold Mines Limited or "Agnico Eagle" following a merger). Pursuant to the Option Agreement, Agnico Eagle 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, Agnico Eagle 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 Agnico Eagle 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.

In addition, Agnico Eagle 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 current and/or 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, Agnico Eagle 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 Agnico Eagle 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 and \$7.5 million before April 19, 2026. KL Gold, at its discretion, can complete its commitment by paying cash directly to the Company based on 125% of the remaining expenditures. 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, Agnico Eagle will have earned a 50% interest in the Properties, and the Company and Agnico Eagle 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, Agnico Eagle 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, Agnico Eagle will act as operator with respect to operations on the Properties. Subject to the required TSX-V approvals, KL Gold will be granted a right

13. Mineral Properties and Exploration and Evaluation Expenditures *(continued)*

to have its designated board nominee appointed to the Board of the Company for so long as KL Gold holds an interest in the Company of 5% or greater.

During the year ended December 31, 2021, the Company recorded \$681,380 in exploration expense funding from Agnico Eagle and this has been recorded as a credit against exploration and evaluation expenses. The \$681,380 reflects an amount of \$615,550 which was received subsequent to year end and reflected as amounts receivable in the statement of financial position as at December 31, 2021.

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 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, 2021 and 2020. 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.

15. FINANCIAL INSTRUMENTS *(continued)*

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, 2021, the Company had current assets of \$7,944,032 (2020 - \$6,685,304) to settle current liabilities of \$1,435,669 (2020 - \$733,596). 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, 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% (2020 – 26.5%). A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates is as follows:

	2021	2020
Loss before income taxes	\$ (2,100,185)	\$ (1,530,871)
Statutory tax rate	26.5%	26.5%
Income taxes recovery at the statutory tax rate	\$ (557,000)	\$ (406,000)
Adjustment to expected income tax recovery:		
Exploration and evaluation expenditures capitalized for tax purposes	-	(210,000)
Flow-through renunciation	321,000	93,000
Share-based compensation	48,000	72,000
Non-deductible items for taxes	181,000	8,000
Change in unrecorded deferred tax asset	(7,000)	443,000
	\$ -	\$ -

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.

	2021	2020
Equipment	\$ 294,000	\$ 289,000
Exploration and evaluation expenses	8,954,000	8,700,000
Share issue costs	211,000	283,000
Non-capital losses available for future years	6,286,000	6,450,000
	\$ 15,745,000	\$ 15,722,000

At December 31, 2021, the Company has non-capital losses of \$6,534,000 which will expire in 2035 to 2041. Tax attributes are subject to review and potential adjustments by tax authorities.

17. COMMITMENTS AND CONTINGENCIES

(a) During fiscal 2020 and 2019, the Company received \$4,932,773 (net of \$240,625 in subscriptions by US residents) from the issue of flow-through shares. There were no flow-through shares issued during the year ended December 31, 2021. At December 31, 2021, the Company was committed to spending \$3,021,574 in eligible exploration expenditures by December 31, 2022.

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, being December 31, 2022. 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) The Company's exploration activities are subject to various federal and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(c) Since March 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. To-date there have been no material adverse effects to the Company's operations.

18. SUBSEQUENT EVENT

On April 1, 2022, the Company granted 410,000 stock options with an exercise price of \$0.08 and a term of five years, with 310,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months.