MISTANGO RIVER RESOURCES

MISTANGO RIVER RESOURCES INC.

Financial Statements

For the Years Ended December 31, 2022, and 2021

(*Expressed in Canadian Dollars unless otherwise indicated)*

Independent Auditor's Report

To the Shareholders of Mistango River Resources Inc.

Opinion

We have audited the financial statements of Mistango River Resources Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of loss and comprehensive loss, statements of changes in shareholders' equity (deficit) and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its 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 financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there were no key audit matters to communicate in our report.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

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the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
May 1, 2023

Mistango River Resources Inc.
Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash		**$2,346,001**	$7,091,477
Marketable securities	5	**1,707,097**	-
Amounts receivable		**433,598**	725,988
Prepaid expenses and deposits		**6,236**	45,474
Due from related parties	8	**250,660**	81,093
Total current assets		**4,743,592**	7,944,032
Right-of-use asset	12	**111,109**	1,912
Equipment	6	**25,303**	31,631
TOTAL ASSETS		**$4,880,004**	$7,977,575
LIABILITIES			
Current			
Accounts payable and accrued liabilities	7	**$937,801**	$855,482
Due to related party	8	**54,329**	-
Convertible note	9	**69,068**	64,668
Flow-through share liability	10	**-**	513,296
Lease obligation	13	**52,112**	2,223
Total current liabilities		**1,113,310**	1,435,669
Lease obligation	13	**64,468**	-
TOTAL LIABILITIES		**1,177,778**	1,435,669
SHAREHOLDERS' EQUITY			
Share capital	11	**29,708,461**	29,454,461
Reserves	11	**7,400,395**	7,373,735
Deficit		**(33,406,612)**	(30,286,272)
Accumulated other comprehensive loss		**(18)**	(18)
TOTAL SHAREHOLDERS' EQUITY		**3,702,226**	6,541,906
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$4,880,004**	$7,977,575

Nature of operations (Note 1)
Going concern (Note 2)
Commitments and contingencies (Note 9, 14 and 18)

Approved on behalf of the Board

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

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

Mistango River Resources Inc.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

As at	Notes	December 31, 2022	December 31, 2021
EXPENSES			
Management and consulting	8	**$259,489**	$268,639
Share-based compensation	8	**26,660**	181,974
Professional fees		**101,372**	58,604
Office, general and administrative	8	**2,612**	27,253
Transfer agent, filing fees and shareholder communications		**58,985**	95,907
Amortization	6, 12	**57,129**	30,850
Exploration and evaluation expenditures	8, 14	**3,212,700**	1,465,699
TOTAL EXPENSES		**$3,718,947**	$2,128,926
Loss for the period		**3,718,947**	2,128,926
Interest (income), net		**(88,678)**	(28,741)
Unrealized loss on marketable securities	5	**3,367**	-
Loss before taxes		**3,633,636**	2,100,185
Flow-through share premium liability recovery	10	**513,296**	-
NET LOSS FOR THE PERIOD		**3,120,340**	2,100,185
Weighted average number of shares - basic and diluted		**151,472,649**	141,161,124
Loss per share – basic and diluted		**$0.02**	$0.01

The accompanying notes are an integral part of these financial statements

Mistango River Resources Inc.
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars)

	Number of shares	Amount	Share-based Reserve	(Deficit)	Accumulated Other Comprehensive Loss	Total Equity
Balance at December 31, 2020	130,467,699	$26,905,216	$7,294,773	$(28,186,087)	$(18)	$6,013,884
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
Loss for the year	-	-	-	(3,120,340)	-	(3,120,340)
Shares issued for exploration property	3,536,364	254,000	-	-	-	254,000
Share-based compensation	-	-	26,660	-	-	26,660
Balance at December 31, 2022	**153,928,062**	**$29,708,461**	**$7,400,395**	**$(33,406,612)**	**$(18)**	**$3,702,226**

The accompanying notes are an integral part of these financial statements

Mistango River Resources Inc.
Statements of Cash Flows
(Expressed in Canadian dollars)

	December 31, 2022	December 31, 2021
Operating activities		
Loss for the year	**$(3,120,340)**	$(2,100,185)
Items not involving cash		
Amortization	**57,129**	30,850
Accrued interest expenses	**9,873**	6,322
Shares issued for exploration and evaluation	**254,000**	-
Share-based payments	**26,660**	181,974
Flow-through share premium renunciation	**(513,296)**	-
Unrealized loss on marketable securities	**3,367**	-
Changes in non-cash working capital items		
Due from related parties	**(169,567)**	-
Amounts receivable	**292,390**	(648,832)
Prepaid expenses	**39,237**	(28,123)
Accounts payable and accrued liabilities	**82,319**	720,399
Net cash used in operating activities	**$(3,038,228)**	$(1,837,595)
Financing activities		
Issue of shares for exploration property	**-**	2,145,000
Stock options exercised	**-**	70,000
Warrants exercised	**-**	231,233
Repayment of lease obligation	**(51,113)**	(26,865)
Net cash (used in) provided by financing activities	**$(51,113)**	$2,419,368
Investing activities		
Investments in marketable securities	**(1,710,464)**	-
Advances from (to) related parties	**54,329**	(66,889)
Net cash used in investing activities	**$(1,656,135)**	$(66,889)
Net (decrease) increase in cash	**(4,745,476)**	514,884
Cash, beginning of year	**7,091,477**	6,576,593
Cash, end of year	**$2,346,001**	$7,091,477

Supplemental information		
Right-of-use asset acquired	$159,998	-

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

1. NATURE OF OPERATIONS

Mistango River Resources Inc. ("Mistango" or the "Company") is a federally incorporated company. The Company'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. The Company's head office is located at 55 University Avenue, Suite 1805, Toronto Ontario M5H 2H7.

2. GOING CONCERN

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts expended on mineral properties is dependent upon future profitable production or proceeds from the disposition of properties.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company's exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the discovery of economically recoverable reserves and resources, securing and maintaining title and beneficial interest in its properties, making the required payments pursuant to mineral property option agreements and/or securing additional financing; all of which are uncertain.

Although the Company has taken steps to verify title to the properties on which it is conducting its exploration activities, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, social licensing requirements, aboriginal land claims and non-compliance with regulatory and environmental requirements. The Company's property interests may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

The Company has raised funds in recent periods and will utilize these funds for its exploration programs and working capital requirements. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and existing shareholders may have their interest diluted. If adequate financing is not available, the Company may be required to relinquish rights to certain of its interests or terminate its operations.

Management believes the Company has sufficient funds or access to sufficient funds to cover planned operations throughout the next twelve-month period. However, management plans on securing additional financing through the issue of new equity, among other things. Nevertheless, there is no assurance that these initiatives will be successful. These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes 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 operations. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements. Such adjustments could be material.

As at December 31, 2022, the Company had working capital of $3,630,282 (December 31, 2021 – $7,021,659), excluding the flow-through share liability and an accumulated deficit of $33,406,612 (December 31, 2021 - $30,286,272).

3. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

The financial statements were authorized for issue on May 1, 2023 in accordance with a resolution by the directors of the Company.

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 for the year ended December 31, 2022.

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis except for cash flow information and are based on historical costs, except for certain financial instruments which are measured at fair value, as explained in the accounting policies.

Functional and presentation currency

The functional currency of the Company is determined using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency. The Company does not have any significant expenditures in foreign currencies.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Exchange differences are recognized in operations in the period in which they arise.

Significant accounting judgements, estimates and assumptions

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material.

(a) 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.

(b) 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.

(c) 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.

(d) Impairment of equipment and the right-of-use- asset

Equipment and the right-of-use asset are 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 carrying amount and the recoverable amount. Where recoverable amount is less than anticipated, an impairment loss is recognized.

(e)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.

(f) Contingencies

Refer to Note 18

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.

Government grants

The Company is eligible for a refundable tax credit related to resources for mining industry companies in relation to eligible expenses incurred in the province of Quebec. The refundable tax credit is recorded as a government grant under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance. Credits related to resources are recognized in the statement of income (loss) at their estimated fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits.

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 in order 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.

Share-based payments

The Company has adopted an employee stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. 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. Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments issued at the grant date. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates market and vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. The share-based payment reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount remains in share-based payment reserve.

(Loss) per share
The Company presents basic and diluted (loss) per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted (loss) per share calculation assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation. Diluted (loss) per share does not adjust the (loss) attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Financial instruments
<u>Financial assets</u>

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit or loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), and "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows.

All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets with embedded derivatives are considered in their entirety when determining their classification at FVPL or at amortized cost. Other amounts receivable held for collection of contractual cash flows are measured at amortized cost.

Subsequent measurement – Financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate (“EIR”) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statements of (loss) income.

Subsequent measurement - Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the statements of financial position with changes in fair value recognized in other income or expense in the statement of loss. The Company’s investment in marketable securities is classified as FVPL.

Subsequent measurement - Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive income. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company's only financial asset subject to impairment is the amounts due from related parties, which are measured at amortized cost. The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

Financial liabilities
Initial recognition and measurement

Financial liabilities and lease obligation are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL. The Company's financial liabilities include accounts payable and accrued liabilities, lease liability, due to related party, and convertible note, which are each measured at amortized cost. All financial liabilities are recognized initially at fair value and in the case of long-term debt, net of directly attributable transaction costs.

Subsequent measurement - financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the statements of income (loss).

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of income (loss).

Financial instruments 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: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Amortization is provided at rates calculated to write off the equipment, less their estimated residual value, using the declining balance method over their expected useful lives, at the following annual rates, with the exception of the right of use asset.

Class	**Amortization rate**
Mining Equipment	20%
Automotive Equipment	20%
Office furniture and equipment	20%
Right of Use Asset	straight-line over the lease term

Income tax

Income tax expense is comprised of both current and deferred income taxes. Income tax expense is recognized in the statement of income and comprehensive income 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 assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of 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 tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

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.

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.

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 FVOCI.

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 the passage of time is recognized as an interest expense.

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 10%.

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. FUTURE NEW AND REVISED STANDARDS AND INTERPRETATIONS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. 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 financial statements.

(Expressed in Canadian dollars)

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2021 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 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.

5. MARKETABLE SECURITIES

As at December 31, 2022, the Company held shares of an arms-length unaffiliated publicly traded entity with an aggregate investment cost of $1,710,464 and a fair value of $1,707,097 (December 31, 2021 - $Nil), representing less than five percent ownership in the entity.

6. EQUIPMENT

	Automotive equipment	Mining equipment	Total
Cost			
Balance, January 1, 2021	$33,583	$80,710	$114,293
Additions	-	-	-
Balance, December 31, 2021	33,583	80,710	114,293
Additions	-	-	-
Balance, December 31, 2022	**$33,583**	**$80,710**	**$114,293**
Accumulated amortization			
Balance, January 1, 2021	$3,358	$71,396	$74,754
Amortization	6,045	1,863	7,908
Balance, December 31, 2021	9,403	73,259	82,662
Amortization	4,836	1,492	6,328
Balance, December 31, 2022	**14,239**	**74,751**	**88,990**
Net book value, December 31, 2021	24,180	7,451	31,631
Net book value, December 31, 2022	**$19,344**	**$5,959**	**$25,303**

7. 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.

(Expressed in Canadian dollars)

The following is a summary aging analysis of these liabilities:

	2022	2021
Less than 30 days	**$ 851,718**	$ 443,670
31 to 90 days	**36,132**	400,654
Greater than 90 days	**49,953**	11,158
	$ 937,803	$ 855,482

8. RELATED PARTIES TRANSACTIONS AND BALANCES

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, 2022 and 2021 include:

	2022	**2021**
Management and consulting fees	**$259,489**	$245,833
Geological consulting included in exploration and evaluation expenditures	**63,650**	-
Share-based compensation	**12,118**	153,978
	$335,257	$399,811

Standard Ore Corporation (“Standard Ore”) is controlled by a director of the Company. Standard Ore provides corporate and administrative services to the Company. For the year ended October 31, 2022, Standard Ore charged the Company $120,000 of management fees, which is included in the amounts in the above chart. Standard Ore rents the Company’s leased office space on a month to month basis, the income is credited against the lease expense. For the year ended October 31, 2021, Standard Ore charged $32,750 in fees for CFO services and $15,000 in fees for CEO services included in management and consulting fees and $9,801 in rent expenses included in office, rent and general.

As at December 31, 2022 and 2021, the Company had the following related party balances:

	2022	**2021**
Due from Standard Ore Corporation	**$137,682**	$34,427
Due to QC Copper and Gold Inc.	**(54,329)**	-
Due from Orefinders Resources Inc.	**112,978**	-
Due from 2287957 Ontario Inc.	**-**	46,666
	$196,331	$81,093

All of the amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As at December 31, 2022, accounts payable and accrued liabilities included $Nil (2021 - $Nil) due to officers and directors of the Company.

The Company received exploration and geological services from QC Copper and Gold Inc., a company with common management, totalling $169,000 during the year ended December 31, 2022 (2021 - $Nil).

2287957 Ontario Ltd. is a private company incorporated in Ontario and is controlled by a director of the Company. See also Note 9.

(Expressed in Canadian dollars)

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, 2022, Orefinders owned approximately 16% of the common shares of the Company (December 31, 2021 – 16%).

During 2022, the Company completed an option agreement on Metal Energy Corp.'s ("Metal Energy") Manibridge Project. Metal Energy is a company with directors and officers in common with Mistango. Refer to Note 14.

9. CONVERTIBLE NOTE

As at December 31, 2022, the Company was indebted in the amount of $55,000 (December 31, 2021 - $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, 2022 totaled $4,400 (2021 - $4,400).

	2022	2021
Balance – beginning of year	**$ 64,668**	$ 60,268
Accrued interest and accretion	**4,400**	4,400
Balance – end of year	**$ 69,068**	$ 64,668

10. FLOW-THROUGH SHARE PREMIUM LIABILITY

Flow-through common shares require the Company to incur an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. As expenditures are incurred, the flow-through share liability is reversed. During the year ended December 31, 2022, the Company recognized a flow-through share premium of $513,296 (2021 - $Nil). At December 31, 2022, the flow-through share liability was $nil (2021 - $513,296).

11. 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.

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.

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.

(Expressed in Canadian dollars)

On April 2, 2022, the Company granted 410,000 stock options to officers and consultants. The stock options are exercisable at a price of $0.08 until April 1, 2027 with 310,000 of these options vesting immediately, and the remaining 100,000 vesting in 12 months. The total fair value of $28,391 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 2.46%, share price of $0.07 and an expected volatility of 228%, based on historical share prices. The granting of these options resulted in a share-based payment expense of $26,660 during the year ended December 31, 2022.

Options outstanding to purchase common shares are as follows:

For the year ended	**December 31, 2022**			**December 31, 2021**		
	Number of options	**Weighted average exercise price**	**Weighted average life (years)**	**Number of options**	**Weighted average exercise price**	**Weighted average life (years)**
Outstanding, beginning of year	**5,900,000**	**$0.08**	**3.93**	4,300,000	$0.07	4.12
Granted	**410,000**	**0.08**	**4.25**	2,600,000	0.10	4.97
Exercised	**-**	**-**	**-**	(1,000,000)	(0.07)	(3.12)
Forfeited/expired	**(210,000)**	**0.10**	**3.98**	-	-	-
Options outstanding, end of year	**6,100,000**	**$0.08**	**2.99**	5,900,000	0.08	3.93
Options exercisable, end of year	**6,000,000**	**$0.08**	**2.99**	5,800,000	$0.08	3.93

As at December 31, 2022, 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
2,400,000	2,400,000	$0.10	December 20, 2026
400,000	300,000	$0.08	April 1, 2027
6,100,000	6,000,000	$0.08	

(Expressed in Canadian dollars)

Warrants

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

For the year ended	December 31, 2022			December 31, 2021		
	Number of warrants	**Weighted average exercise price**	**Weighted average life (years)**	**Number of warrants**	**Weighted average exercise price**	**Weighted average life (years)**
Outstanding, beginning of year	**38,470,032**	**$0.15**	**0.27**	45,936,116	$0.14	1.22
Exercised	**-**	**-**	**-**	(4,623,999)	(0.05)	-
Expired	**(38,470,032)**	**(0.15)**	**-**	(2,842,085)	(0.05)	-
Options outstanding, end of year	**-**	**-**	**-**	38,470,032	0.15	0.27

Broker compensation options

On September 29, 2022, 766,043 broker compensation options expired. As at December 31, 2022, there were nil broker compensation options outstanding (2021 – 766,043).

12. RIGHT-OF-USE ASSET

The Company recognized the right-of-use asset for its office space lease as at December 31, 2022 and 2021 as follows:

	2022	2021
Balance – beginning of year	**$ 1,912**	$ 24,854
Acquisition	**159,998**	-
Amortization	**(50,801)**	(22,942)
Balance – end of year	**$ 111,109**	$ 1,912

13. LEASE OBLIGATION

The following table presents the lease obligation for the Company:

	2022	2021
Balance beginning of the year	**$2,223**	$27,166
Additions	**159,998**	-
Interest expenses on lease obligation	**5,473**	1,922
Rent payments	**(51,113)**	(26,865)
Balance – end of year	**116,581**	2,223
Less current portion	**52,112**	(2,223)
Non-current portion – end of year	**$64,468**	$ -

The following table presents the contractual undiscounted cash flows for lease obligation as at December 31, 2022.

Less than one year	$	61,425
One to two years		61,425
Total undiscounted lease obligation	$	122,850

When measuring the lease obligation, the Company discounted the remaining lease payments using the estimated incremental borrowing rate of 10% per annum.

(Expressed in Canadian dollars)

14. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES

The evaluation and exploration expenditures incurred during the years ended December 31, 2022 and 2021, and since project inception, for each property is as follows:

	2022	2021	Accumulated From Property Inception
Kirkland West - Eby/Baldwin, Ontario*	**$(175,173)**	$1,452,223	**$2,941,257**
Goldie, Ontario	**865,634**	-	**1,378,687**
Omega, Ontario*	**(224,170)**	13,476	**5,840,233**
Sackville, Ontario	**97,668**	-	**1,289,493**
Ledden, Quebec	**1,148,741**	-	**1,148,741**
Manibridge, Manitoba	**1,500,000**	-	**1,500,000**
Other	**-**	-	**113,650**
Total	**$3,212,700**	$1,465,699	**$14,212,061**

*During the year ended December 31, 2022, the Company recorded $1,472,991 in exploration expense funding from Agnico Eagle, of which $386,670 related to spending which occurred in 2021. These funds have been recorded as a credit against exploration and evaluation expenses. The recovery of spending which occurred in 2021 combined with the timing difference between the receipt of funds from Agnico Eagle and the completion of work has resulted in a credit balance in exploration and evaluation expenditures for the year ended December 31, 2022.

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.

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.

(Expressed in Canadian dollars)

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 to Omega and Kirkland West 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 28, 2026. 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.

As at December 31, 2022, the agreement with Agnico Eagle is in good standing.

Ledden Property, Quebec

On August 17, 2022, the Company entered into an option agreement to acquire a 100% interest in the Ledden Copper-Gold Project ("Ledden") in the Chibougamau District of Quebec.

Mistango committed a total of $200,000 in cash or shares (at Mistango's option) and $1.2 million work of commitments on the property over the next three years to earn a 100% interest in Ledden. The $50,000 due upon the execution of the agreement was settled with the issuance of 1,136,364 shares. The vendors will retain a 2% NSR on Ledden, of which Mistango can repurchase half of this NSR for $2 million. There are additional milestone payments, in cash or shares at Mistango's choosing, that are only due upon prescribed milestones. All 'cash or share payments' listed within the agreement are selected at the discretion of Mistango. Should Mistango choose to make any cash payment in shares, Mistango shares would be valued based on a 15-day volume weight average price.

Timing	**Cash or Share Payments**	**Work Commitments**
Execution of agreement	$50,000*	-
12 months	$50,000	$150,000**
24 months	$50,000	$250,000**
36 months	$50,000	$800,000
Total	$200,000	$1,200,000

*1,136,364 shares issued
** complete as at December 31, 2022

Future Milestone Considerations:

1. $100,000 in cash or shares to the Vendor after the completion of an NI 43-101 resource calculation on the property
2. $250,000 in cash or shares to the Vendor after the completion of a preliminary economic assessment on the property
3. $500,000 in cash or shares to the Vendor after the completion of a positive feasibility study on the property
4. $1,000,000 in cash or shares to the Vendor when commercial production starts on the property.
5. It is at Mistango's option whether to pay cash or shares for the Milestone Considerations.
6. These Milestone Considerations will apply only after Mistango has completed the Purchase Considerations and acquired title to the property.

Goldie Property, Ontario

On September 13, 2022, the Company acquired 100% interest in the Goldie Project ("Goldie") from a private arm's length company for 2.4 million shares. The vendor will retain a 2% NSR, of which 50% of can be repurchased for $1,000,000.

Manibridge Project, Manitoba

On October 28, 2022, the Company and Metal Energy jointly entered into an option agreement and a call option agreement. Each such agreement pertains to a 15% interest in Metal Energy's Manibridge project, located in the province of Manitoba. Metal Energy granted Mistango an option to acquire a 15% interest in the Manibridge project in consideration for Mistango carrying out an aggregate of $1.5 million in exploration work on the project by not later than December 31, 2022. The Manibridge project's mining claims are subject to the following NSRs: (a) a two percent NSR on the Project held by Glencore of which the optionee has the right to buy back half (50% of the aforementioned two percent thereof), at a price of $1,000,000 prior to the expiry of one year after the start of commercial production; and (b) a one percent NSR on claims P1271F and P1262F and a two percent NSR on the other 17 claims of the project being acquired from CanAlaska. In December 2022, the Company closed is option agreement with Metal Energy to acquire 15% of the Manibridge Project.

The call option agreement provides Metal Energy the right to acquire the 15% interest in the Manibridge project from Mistango for $2.25 million at any time after February 28, 2023 but before April 30, 2024. The $2.25 million may be paid in cash or in common shares of Metal Energy at the sole option of Metal Energy. The exercise of the call option and the completion of the transfer of interest from Mistango to Metal Energy is subject to the prior approval of the TSX Venture Exchange.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns to shareholders and benefits to other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through equity offerings or return capital to shareholders.

There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management in the years ended December 31, 2022, and 2021.

The Company is not subject to externally imposed capital requirements.

16. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair value of financial instruments
The fair value of financial instruments approximates their carrying value due to the short-term maturity of these instruments. As at December 31, 2022, the Company's marketable securities are classified as Level 1 in the fair value hierarchy. As at December 31, 2021, the Company has no financial instruments to classify in the fair value hierarchy. The fair value of the Company's financial instruments approximate their carrying amount given their short-term nature.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. GST/HST receivable is due from the Government of Canada and the Company believes the risk of loss related to these is remote. The Company's exposure to credit risk is on its cash held in bank accounts and related party receivables. Cash is held with major banks in Canada. Management assesses credit risk of cash and related party receivables as remote.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company strives to ensure that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company's accounts payable and accrued liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. In the long-term, the Company may have to issue additional equity to ensure there is sufficient capital to meet long-term objectives.

Currency and interest rate risk
The Company is not exposed to any significant foreign exchange risk or interest rate risk.

Market risk
The Company's marketable securities are subject to fair value fluctuations. As at December 31, 2022, if the fair value of the marketable securities fluctuated by 10% all other factors held constant, net loss would have changed by approximately $170,000 (2021 - nil).

Classification of financial instruments

Financial assets and liabilities included in the statement of financial position as at December 31, 2022 and 2021 are as follows:

(Expressed in Canadian dollars)

	2022	2021
Financial assets at amortized costs:		
Cash	**$2,346,001**	$7,091,477
GST/HST receivable	**430,033**	110,438
Amounts receivable	**3,565**	615,550
Due from related parties	**250,660**	81,093
Financial assets at fair value through profit and loss:		
Marketable securities	**1,707,097**	-
	$4,737,356	$7,898,558

	2022	2021
Financial liabilities at amortized costs:		
Accounts payable and accrued liabilities	**$937,801**	$855,482
Due to related party	**54,329**	-
Convertible note	**69,068**	64,668
Lease liabilities current and non-current	**116,580**	2,223
	$1,177,778	$922,373

17. 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% (2021 – 26.5%). A reconciliation of the combined Canadian federal and provincial income tax rates with the Company's effective tax rates is as follows:

	2022	2021
Loss before income taxes	$ (3,633,636)	$ (2,100,185)
Statutory tax rate	26.5%	26.5%
Income taxes recovery at the statutory tax rate	$ (963,000)	$ (557,000)
Adjustment to expected income tax recovery:		
Flow-through renunciation	801,000	321,000
Flow-through premium	(513,296)	
Share-based compensation	7,000	48,000
Non-deductible items for taxes	2,000	181,000
Change in unrecorded deferred tax asset	153,000	7,000
	$ (513,296)	$ -

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.

(Expressed in Canadian dollars)

	2022	2021
Equipment	$ 301,000	$ 294,000
Exploration and evaluation expenses	9,113,000	8,954,000
Share issue costs	138,000	211,000
Non-capital losses available for future years	6,766,000	6,286,000
	$ 16,318,000	$ 15,745,000

At December 31, 2022, the Company has non-capital losses of $6,766,000 which will expire in 2035 to 2042. Tax attributes are subject to review and potential adjustments by tax authorities.

18. COMMITMENTS AND CONTINGENCIES

(a) 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. Certain interpretations are required to assess the eligibility of flow-through expenditures that if changed, could result in the denial of renunciation. The Company has indemnified 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. The Company completed its eligible exploration expenditures by December 31, 2022.

(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) The COVID-19 pandemic caused a widespread health crisis that has affected economies and financial markets around the world. In response to the outbreak, governmental authorities in Canada and internationally 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 have had 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. 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 effects to the Company's operations.