

## FORM 5

### **QUARTERLY LISTING STATEMENT**

Name of CNSX Issuer: Mistango River Resources Inc. (the "Issuer").

Trading Symbol: MIS

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the Securities Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the CNSX Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

- See attached unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.

If the issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

**SCHEDULE B: SUPPLEMENTARY INFORMATION** The supplementary information set out below must be provided when not included in Schedule A.

## **1. Related party transactions**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.
  - See Note 11 (page 7) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012 and Related Party Transactions (pages 9-10) of the Management Discussion and Analysis for the three and six month periods ended June 30, 2013.

## **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,
  - See Note 12 (a) (page 8) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.
- (b) summary of options granted during the period,
  - See Note 12 (b) (pages 9-10) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.

## **3. Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
  - See Note 12 (a) (page 8) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.
- (b) number and recorded value for shares issued and outstanding,

- See Note 12 (a) (page 8) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
  - See Note 12 (b and c) (pages 9-11) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.
- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.
  - See Note 12 (a) (page 8) of the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012.

**4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

**Directors:** Dan Farrell  
 William Whitehead  
 Donald Kasner  
 Robert J. Kasner

<b>Officers:</b>	Robert J. Kasner	President & Chief Executive Officer
	Johnny Oliveira	Chief Financial Officer
	Diane McKean	Corporate Secretary

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

- See attached Management Discussion and Analysis for the three and six month periods ended June 30, 2013.

## Certificate Of Compliance

The undersigned hereby certifies that:

- 1 The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
- 2 As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
- 3 The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
- 4 All of the information in this Form 5 Quarterly Listing Statement is true.

Name of Director or Senior Officer: Robert J. Kasner



Signature:

Official capacity: Chairman, Chief Executive Officer and Director

Issuer details	For Quarter Ended	Date of Report
Mistango River Resources Inc.	June 30, 2013	August 13, 2013
<b>Issuer address</b> P.O. Box 546, 4 Al Wende Avenue,		
<b>City/Province/Postal Code</b> Kirkland Lake, Ontario, Canada P2N 3J5	<b>Issuer Fax Number</b> (705) 567 5557	<b>Issuer Telephone Number</b> (705) 567 5351
<b>Contact Name</b> Robert J. Kasner	<b>Contact Position</b> President, CEO, and Director	<b>Contact Telephone Number</b> (705) 567 5351
<b>Contact e-mail Address</b> kasner1@ntl.sympatico.ca	<b>Website Address</b> <a href="http://www.mistangoriverresources.com">www.mistangoriverresources.com</a>	



UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three and six month periods ended June 30, 2013 and 2012

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Mistango River Resources Inc. are the responsibility of the management and Board of Directors of the Company.

The unaudited interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Robert J. Kasner", President and CEO  
Robert J. Kasner

"Johnny Oliveira", CFO  
Johnny Oliveira

## NOTICE TO READER

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2013 and 2012 have not been reviewed by the Company's auditors.

# Mistango River Resources Inc.

## UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

(Canadian dollars)

AS AT,	June 30, 2013	December 31, 2012
<b>ASSETS</b>		(Audited)
<b>Current</b>		
Cash and cash equivalents (Note 5)	\$ 332,868	\$ 1,113,125
Trade and other receivables (Note 7)	27,227	97,393
Prepaid expenses	-	5,000
	<b>360,095</b>	<b>1,215,518</b>
<b>Investments</b> (Note 8)	<b>33,423</b>	<b>75,163</b>
<b>Property, plant and equipment</b> (Note 9)	<b>98,692</b>	<b>109,658</b>
	<b>\$ 492,210</b>	<b>\$ 1,400,339</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables (Note 10 and 11)	\$ 296,639	\$ 395,099
Flow-through share premium liability (Note 12 (a))	-	116,000
	<b>296,639</b>	<b>511,099</b>
<b>EQUITY</b>		
Share capital (Note 12 (a))	<b>21,061,066</b>	<b>21,055,066</b>
Reserve for share based payments (Note 12(a))	<b>3,812,594</b>	<b>3,814,594</b>
Reserve for warrants (Note 12 (b))	<b>800,000</b>	<b>800,000</b>
Deficit	<b>(25,473,914)</b>	<b>(24,813,285)</b>
Accumulated other comprehensive income (loss)	<b>(4,175)</b>	<b>32,865</b>
	<b>195,571</b>	<b>889,240</b>
	<b>\$ 492,210</b>	<b>\$ 1,400,339</b>
Nature of Operations and Going Concern (Note 1)		
Commitments and Contractual Obligations (Note 15)		

Approved on behalf of the Board on August 13, 2013:

"Robert J. Kasner", Director

"Daniel Farrell", Director

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

# Mistango River Resources Inc.

## UNAUDITED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Canadian dollars)

For the periods ended June 30,	Three months		Six months	
	2013	2012	2013	2013
<b>Expenses</b>				
Salaries, fees and benefits (Note 11)	\$ 34,871	\$ 41,969	\$ 67,744	\$ 95,118
Share based compensation (Note 12 (b))	(10,000)	13,000	(2,000)	58,000
Professional and consulting fees (Note 11)	14,081	27,365	28,303	48,211
Office, general and administrative (Note 11)	9,740	21,445	16,560	60,694
Shareholder Information	9,056	54,026	44,964	110,601
Amortization (Note 9)	5,483	7,826	10,966	18,524
Exploration and evaluation expenditures (Note 14)	140,414	514,032	605,392	1,362,242
<b>Net loss before the undernoted</b>	<b>\$ (203,645)</b>	<b>\$ (679,663)</b>	<b>\$ (771,929)</b>	<b>\$ (1,753,390)</b>
Unrealized gain (loss) on marketable securities (Note 6)	-	-	-	385,000
Realized loss on sale of marketable securities (Note 6)	-	-	-	(368,226)
Flow-through share premium recovery (Note 12 (a))	23,000	55,000	116,000	149,000
Future income tax (expense) recovery (Note 6)	(2,100)	(7,900)	(4,700)	3,600
<b>Net loss for the period</b>	<b>\$ (182,745)</b>	<b>\$ (632,563)</b>	<b>\$ (660,629)</b>	<b>\$ (1,584,016)</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.06)
Weighted average number of common shares outstanding				
Basic and diluted (000's)	37,978	30,027	37,976	28,699
<b>Comprehensive Loss</b>				
Net loss	\$ (182,745)	\$ (632,563)	\$ (660,629)	\$ (1,584,016)
Unrealized gain (loss) on investments	(18,761)	(54,763)	(37,040)	25,600
<b>Net comprehensive loss</b>	<b>\$ (201,506)</b>	<b>\$ (687,326)</b>	<b>\$ (697,669)</b>	<b>\$ (1,558,416)</b>

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



# Mistango River Resources Inc.

## UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Canadian dollars)

	Share Capital		Reserves		Deficit	Accumulated other comprehensive income (loss)	Total
	Number of Shares	Amount	Share based payments	Warrants			
Balance at December 31, 2011	27,371,481	\$ 19,255,186	\$ 3,650,474	\$ 485,000	\$ (22,002,095)	\$ 29,195	\$ 1,417,760
Shares issued on private placements	10,500,000	2,485,000	-	-	-	-	2,485,000
Flow-through share premium on private placements	-	(400,000)	-	-	-	-	(400,000)
Exercise of stock options	52,000	13,000	-	-	-	-	13,000
Shares issued for mineral properties	50,000	10,000	-	-	-	-	10,000
Warrants issued on private placements	-	(315,000)	-	315,000	-	-	-
Reserve transferred on exercise of options	-	6,880	(6,880)	-	-	-	-
Share based payments	-	-	171,000	-	-	-	171,000
Net loss for the year	-	-	-	-	(2,811,190)	-	(2,811,190)
Unrealized gain on investments for the year	-	-	-	-	-	3,670	3,670
<b>Balance at December 31, 2012</b>	<b>37,973,481</b>	<b>\$ 21,055,066</b>	<b>\$ 3,814,594</b>	<b>\$ 800,000</b>	<b>\$ (24,813,285)</b>	<b>\$ 32,865</b>	<b>\$ 889,240</b>
Shares issued for mineral properties	100,000	6,000	-	-	-	-	6,000
Share based payments	-	-	(2,000)	-	-	-	(2,000)
Net loss for the period	-	-	-	-	(660,629)	-	(660,629)
Unrealized loss on investments for the period	-	-	-	-	-	(37,040)	(37,040)
<b>Balance at June 30, 2013</b>	<b>38,073,481</b>	<b>\$ 21,061,066</b>	<b>\$ 3,812,594</b>	<b>\$ 800,000</b>	<b>\$ (25,473,914)</b>	<b>\$ (4,175)</b>	<b>\$ 195,571</b>
Balance at December 31, 2011	27,371,481	\$ 19,255,186	\$ 3,650,474	\$ 485,000	\$ (22,002,095)	\$ 29,195	\$ 1,417,760
Shares issued on private placements	10,500,000	2,495,000	-	-	-	-	2,495,000
Flow-through share premium on private placements	-	(400,000)	-	-	-	-	(400,000)
Shares issued for mineral properties	50,000	10,000	-	-	-	-	10,000
Warrants issued on private placements	-	(315,000)	-	315,000	-	-	-
Share based payments	-	-	58,000	-	-	-	58,000
Net loss for the period	-	-	-	-	(1,584,016)	-	(1,584,016)
Unrealized gain on investments for the period	-	-	-	-	-	25,600	25,600
<b>Balance at June 30, 2012</b>	<b>37,921,481</b>	<b>\$ 21,045,186</b>	<b>\$ 3,708,474</b>	<b>\$ 800,000</b>	<b>\$ (23,586,111)</b>	<b>\$ 54,795</b>	<b>\$ 2,022,344</b>

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

## Mistango River Resources Inc.

### UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

(Canadian dollars)

Six month period ended June 30,	2013	2012
<b>Operations</b>		
Net loss	\$ (660,629)	\$ (1,584,016)
Adjustments to reconcile net loss to cash flow from operating activities:		
Share based payments	(2,000)	58,000
Unrealized gain on marketable securities	-	(385,000)
Realized loss on marketable securities	-	368,226
Future income tax expense (recovery)	4,700	(3,600)
Flow-through share premium recovery	(116,000)	(149,000)
Amortization	10,966	18,524
Shares issued for property payments	6,000	10,000
Net change in non-cash operating working capital items:		
Trade and other receivables	70,166	87,878
Prepaid expenses	5,000	-
Trade and other payables	(98,460)	52,982
	(780,257)	(1,526,006)
<b>Financing</b>		
Common shares issued, net of share issue costs	-	2,495,000
Payment of long-term debt	-	(7,701)
	-	2,487,299
<b>Investing</b>		
Proceeds from sale of marketable securities	-	506,774
Purchases of property, plant and equipment	-	(8,000)
Proceeds from sale of property, plant and equipment	-	3,700
	-	502,474
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(780,257)</b>	<b>1,463,767</b>
Cash, beginning of period	1,113,125	1,036,190
<b>Cash and cash equivalents, end of period</b>	<b>\$ 332,868</b>	<b>\$ 2,499,957</b>

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

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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#### **1. NATURE OF OPERATIONS AND GOING CONCERN CONSIDERATIONS**

Mistango River Resources Inc. ("Mistango" or the "Company") is a federally incorporated company. The Company's head office is located at 4 Al Wende Ave., Kirkland Lake, ON, P2N 3J5. Mistango's principal business is the acquisition and exploration of mineral properties. Substantially all of the efforts of the Company are devoted to these business activities. To date, the Company has not earned significant revenue and is considered to be in the exploration stage. The ability of the Company to carry out its business plan rests with its ability to secure equity and other financing.

As at June 30, 2013, the Company had cash and cash equivalents of \$332,868 (December 31, 2012 - \$1,113,125), working capital of \$63,456 (December 31, 2012 - \$704,419), had not yet achieved profitable operations, had accumulated losses of \$25,473,914 (December 31, 2012 - \$24,813,285) and expects to incur further losses in the development of its business, all of which casts doubt upon the Company's ability to continue as a going concern. The Company is in the exploration stage and has no proven reserves or 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 necessary financing to do so.

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 assume 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 operations. The business of mining and exploring for minerals involves a high degree of risk and there is no guarantee that the Company's exploration programs will yield positive results or 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 financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the statement of financial position classifications used in the financial statements.

The future profitability of exploration properties and the Company's continued existence are dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

Although the Company has taken steps to verify title to the properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. 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.

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim financial statements were authorized by the Board of Directors of the Company on August 13, 2013.

### **2.2 Basis of presentation**

These unaudited interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2012 annual financial statements. Management advises readers of these unaudited interim financial statements to review the audited financial statements and accompanying notes as at December 31, 2012 in conjunction with the review of these statements.

### **2.3 Adoption of new and revised standards and interpretations**

The IASB issued a number of new and revised International Accounting Standards, IFRS, amendments and related interpretations which are effective for the Company's financial year beginning on or after January 1, 2013. For the purpose of preparing and presenting the financial information for the relevant periods, the Company has consistently adopted all these new standards for the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 '*Financial Instruments: Classification and Measurement*' – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.
- IAS 32 '*Financial instruments, Presentation*' – In December 2011, effective for annual periods beginning on or after January 1, 2014, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

### **2.4 Use of management estimates, judgments and measurement uncertainty**

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of 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 recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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## **2. BASIS OF PREPARATION** *(continued)*

### **2.4 Use of management estimates, judgments and measurement uncertainty** *(continued)*

#### ***Calculation of share based payments and warrants***

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

#### ***Income taxes***

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

## **3. CAPITAL MANAGEMENT**

The Company'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 projects of merit.

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, accumulated deficit and accumulated other comprehensive income, which as at June 30, 2013 totaled \$195,571 (December 31, 2012 - \$889,240).

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish 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 Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will continue to assess its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company's investment policy is to invest its cash in low-risk, highly liquid, short-term interest-bearing investments, selected with regards to the expected timing of upcoming expenditures.

The Company expects its capital resources will be sufficient to carry out its exploration plans and operations through its current operating period. 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 during the six month period ended June 30, 2013. The Company is not subject to externally imposed capital requirements.

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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#### **4. 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* - 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);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

##### *Fair value*

The Company's financial instruments as at June 30, 2013 include cash and cash equivalents, trade and other receivables, investments, trade and other payables, and long-term debt. The Company has designated its cash and cash equivalents as FVTPL, which are measured at fair value cash and cash equivalents and is determined based on transaction value and is categorized as Level 1 measurement. The Company has designated its investments as available-for-sale, which are measured at fair value and is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

##### *Interest-rate risk*

The Company has cash and cash equivalents balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

##### *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 and cash equivalents and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and short-term guaranteed investment certificates, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at June 30, 2013, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to June 30, 2013. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at June 30, 2013 is the carrying value of cash and cash equivalents and trade and other receivables.

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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#### **4. 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 due. As at June 30, 2013, the Company had current assets of \$360,095 (December 31, 2012 - \$1,215,518) to settle current liabilities of \$296,639 (December 31, 2012 - \$511,099). 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. All of the Company's financial liabilities (other than long-term debt) have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2013, the Company had working capital of \$63,456 (December 31, 2012 - \$704,419).

##### *Price risk*

The Company holds common shares of companies traded on the Toronto stock exchange Venture ("TSXV"). The Company has classified some of these investments as FVTPL and others as available-for-sale and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions

##### **Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a one year period:

- i. The Company's investments are subject to fair value fluctuations. As at June 30, 2013, if the fair value of the investments had decreased/increased by 10% with all other variables held constant, net comprehensive loss for the six month period ended June 30, 2013 would have been approximately \$3,000 (2012 - \$10,000) higher/lower.

#### **5. CASH AND CASH EQUIVALENTS**

The cash and cash equivalents balance at June 30, 2013, contains cash on deposit with major Canadian banks of \$26,096 (December 31, 2012 - \$609,242) and \$306,772 (December 31, 2012 - \$503,883) in short-term guaranteed investment certificates which are redeemable in full with interest at any time and mature in June 2013.

#### **6. MARKETABLE SECURITIES**

Marketable securities were comprised of common shares of Brigus Gold Corp. ("Brigus"), a publicly traded Canadian company traded on the Toronto stock exchange ("TSX"). During the six month period ended June 30, 2012, the Company sold 500,000 of these shares for net proceeds of \$506,774. The Company recorded a realized loss during the six month period ended June 30, 2012 of \$368,226 and a reversal of the previously recorded unrealized loss of \$385,000 on the sale of these marketable securities.



## Mistango River Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012

#### 7. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables arise from sales and harmonized sales tax ("HST") receivable due from government taxation authorities. These are broken down as follows:

As at,	June 30, 2013	December 31, 2012
HST receivable	\$ 23,760	\$ 97,393
<b>Total trade and other receivables</b>	<b>\$ 23,760</b>	<b>\$ 97,393</b>

At June 30, 2013, the Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables. The credit risk on the receivables has been further discussed in Note 4.

The Company holds no collateral for any receivable amounts outstanding as at June 30, 2013.

#### 8. INVESTMENTS

Investments include 835,121 shares of RJK Explorations Inc. ("RJK") and 136 shares of Strategic Resources Inc. ("SRI"), publicly-traded Canadian companies listed on the TSX-V. As at June 30, 2013, these available-for-sale investments have been measured at their fair value, as determined by the closing bid price of the securities on June 30, 2013 of \$33,423 (December 31, 2012 – \$75,163). The impact to the financial statements of this revaluation to market value resulted in an decrease of \$41,740 (2012 – increase of \$29,200) to the value of the investments with a corresponding decrease in accumulated other comprehensive loss of \$37,040 (2012 – increase of \$25,600) offset by future income tax expense of \$4,700 (2012 – recovery of \$3,600) that has been included in the current period's net loss.

#### 9. PROPERTY, PLANT AND EQUIPMENT

	Exploration equipment	Office furniture	Total
<b>Cost</b>			
As at January 1, 2012	\$ 172,104	\$ 36,776	\$ 208,880
Additions	16,131	-	16,131
Disposals	(17,000)	-	(17,000)
As at December 31, 2012 and June 30, 2013	<b>\$ 171,235</b>	<b>\$ 36,776</b>	<b>\$ 208,011</b>
<b>Accumulated depreciation</b>			
As at January 1, 2012	\$ 45,434	\$ 32,548	\$ 77,982
Amortization	32,825	846	33,671
Disposals	(13,300)	-	(13,300)
As at December 31, 2012	<b>\$ 64,959</b>	<b>\$ 33,394</b>	<b>\$ 98,353</b>
Amortization	<b>10,628</b>	<b>338</b>	<b>10,966</b>
As at June 30, 2013	<b>\$ 75,587</b>	<b>\$ 33,732</b>	<b>\$ 109,319</b>
<b>Net book value</b>			
As at December 31, 2012	\$ 106,276	\$ 3,382	\$ 109,658
As at June 30, 2013	<b>\$ 95,648</b>	<b>\$ 3,044</b>	<b>\$ 98,692</b>



## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

#### **10. TRADE AND OTHER PAYABLES**

Trade and other payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating and financing activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an aged analysis of the trade and other payables:

<b>As at,</b>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
	<b>\$</b>	<b>\$</b>
Less than 1 month	<b>30,616</b>	136,136
1 – 3 months	<b>10,079</b>	2,832
Over 3 months	<b>255,944</b>	256,131
<b>Total trade and other payables</b>	<b>\$ 296,639</b>	<b>\$ 395,099</b>

#### **11. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT**

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management during the six month periods ended June 30, 2013 and 2012 included:

	<b>June 30, 2013</b>	<b>June 30, 2012</b>
<b>Balances:</b>		
Short-term employee benefits	<b>\$ 174,000</b>	\$ 146,000
Total compensation paid to key management	<b>\$ 174,000</b>	\$ 146,000

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Mistango. All transactions were conducted in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties and are as follows:

During the six month period ended June 30, 2013, the Company was charged \$11,000 (2012 - \$11,000) for administrative costs are comprised of rent paid to a company controlled by the President of the Company (See Note 15 - Commitments and Contractual Obligations).

Trade and other payables at June 30, 2013 includes \$10,000 (December 31, 2012 - \$11,000) owing to officers, directors and companies controlled by officers and directors.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

## Mistango River Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012

#### 12. SHARE CAPITAL

##### (a) Common shares

Mistango's authorized share capital consists of an unlimited number of Class A Voting Common Shares, and an unlimited number of non-voting, redeemable Class B Preferred Shares, Series A. This series is redeemable by the Company, in whole or in part, at the rate of \$1,000 per Series A share. The holders of the Series A shares are not entitled to dividends.

The issued Class A Voting Common Share capital is summarized as follows:

	Number of Shares	Amount
Balance, December 31, 2011	27,371,481	\$ 19,255,186
Private placements	10,500,000	2,500,000
Issued on exercise of stock options <sup>1</sup>	52,000	13,000
Issued for mineral properties	50,000	10,000
Reserve transferred on exercise of options	-	6,880
Fair value of warrants issued on private placements	-	(315,000)
Shares issue costs – cash	-	(15,000)
Flow-through share premium on private placements	-	(400,000)
<b>Balance, December 31, 2012</b>	<b>37,973,481</b>	<b>\$ 21,055,066</b>
Issued for mineral properties	100,000	6,000
<b>Balance, June 30, 2013</b>	<b>38,073,481</b>	<b>\$ 21,061,066</b>

<sup>1</sup>The average fair value of the shares issued through the exercise of options on the date the options were exercised in the six month period ended June 30, 2013 was \$Nil (year ended December 31, 2012 - \$0.44).

#### 2012

On June 8, 2012, the Company completed a private placement totaling 8,000,000 flow-through units at \$0.25 each for an aggregate amount of \$2,000,000 and 2,500,000 units at \$0.20 each for an aggregate amount of \$500,000 for total proceeds for \$2,500,000. Each flow-through unit is comprised of one "flow-through" common share and one half of one common share purchase warrant. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.35 for a period of 24 months. The flow-through shares were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers.

The fair value of the 5,250,000 share purchase warrants was estimated at \$315,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; forfeiture rate 0%; risk free interest 1.04%; volatility 100% and an expected life of 2 years.

During the six month period ended June 30, 2013, the flow-through premium as a result of flow-through financings was calculated to be \$Nil (year ended December 31, 2012 - \$400,000). During the six month period ended June 30, 2013, the flow-through share premium liability of \$116,000 (2012 - \$149,000) was reversed (resulting from flow-through funds spent) and recorded as a flow-through share premium recovery in the statements of loss and comprehensive loss for the six month period ended June 30, 2013. The remaining flow-through share premium liability of \$Nil (December 31, 2012 - \$116,000) will be reversed through the statements of loss as the Company spends the remaining \$Nil (December 31, 2012 - \$582,000) in eligible Canadian Exploration Expenditures.

**Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$)  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012****12. SHARE CAPITAL** *(continued)***(b) Options**

The Company has a stock option plan (the "Plan") under which the directors of the Company may grant options to acquire common shares of the Company to directors and officers, employees, and consultants of the Company. The maximum aggregate number of common shares under options any time under the Plan cannot exceed 10% of the issued shares. As at June 30, 2013, the Company had 1,707,348 (December 31, 2012 – 749,348) options available for issuance under the Plan. The options outstanding to purchase common shares are as follows:

	<b>June 30, 2013</b>		<b>December 31, 2012</b>	
	<b>Options</b>	<b>Weighted Average Exercise Price</b>	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding at beginning of period/year	<b>3,048,000</b>	<b>\$ 0.27</b>	2,150,000	\$ 0.25
Transaction during the period/year				
Granted	-	-	1,350,000	0.25
Exercised	-	-	(52,000)	0.25
Forfeited/Expired	<b>(948,000)</b>	<b>0.31</b>	(400,000)	0.25
Outstanding at end of period/year	<b>2,100,000</b>	<b>\$ 0.26</b>	3,048,000	\$ 0.27
Exercisable at end of period/year	<b>2,100,000</b>	<b>\$ 0.26</b>	2,848,000	\$ 0.27

The following summarizes information on the stock options outstanding at June 30, 2013:

<b>Range of Exercise Prices (\$)</b>	<b>No. of Options Outstanding</b>	<b>Weighted Average Remaining Life (Years)</b>	<b>Weighted Average Exercise Price (\$)</b>
0.25	1,850,000	2.69	0.25
0.30	250,000	0.33	0.30
<b>0.25 – 0.30</b>	<b>2,100,000</b>	<b>2.41</b>	<b>0.26</b>

The fair value of each option was estimated on the date of grant. The following are the assumptions used under Black-Scholes at the measurement date for the six month period ended June 30, 2013:

	<b>Vesting of prior issued options</b>
Current year expense	\$ (2,000)

## Mistango River Resources Inc.

(An Exploration Stage Enterprise)

### NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012

#### 12. SHARE CAPITAL (continued)

##### (b) Options (continued)

The fair value of each option was estimated on the date of grant. The following are the assumptions used under Black-Scholes at the measurement date for the year ended December 31, 2012:

	Vesting of prior issued options	Re-pricing of options	January 1, 2012	February 8, 2012	February 8, 2012
Options Issued			400,000	250,000	40,000
Risk-free interest rate			0.96%	1.19%	1.19%
Expected life			1 year	3 years	3 years
Exercise price			\$0.25	\$0.25	\$0.35
Price volatility			100%	100%	100%
Dividend yield			Nil	Nil	Nil
Forfeiture rate			Nil	Nil	Nil
Vesting			¼ Immediately, then ¼ every 3 months	Immediately	3 months
Share based compensation			\$39,000	\$21,000	\$3,000
Current year expense	\$25,000	\$1,000	\$10,000	\$21,000	\$3,000

  

	June 26, 2012	August 27, 2012	November 1, 2012	Total
Options Issued	50,000	400,000	210,000	1,350,000
Risk-free interest rate	1.25%	1.16%	1.16%	
Expected life	5 years	2 years	3 years	
Exercise price	\$0.25	\$0.25	\$0.50	
Price volatility	100%	100%	100%	
Dividend yield	Nil	Nil	Nil	
Forfeiture rate	Nil	Nil	Nil	
Vesting	Immediately	¼ Immediately, then ¼ every 3 months	Immediately	
Share based compensation	\$7,000	\$53,000	\$62,000	\$185,000
Current year expense	\$7,000	\$42,000	\$62,000	\$171,000

During the year ended December 31, 2012, the Company re-priced the exercise price on 50,000 stock options from \$0.30 to \$0.25. The fair value of this re-pricing using was estimated at \$1,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; forfeiture rate 0%; risk free interest 1.41%; volatility 100% and an expected life of 4.75 years.

The weighted average grant-date fair value of options granted during the six month period ended June 30, 2013 was \$Nil (Year ended December 31, 2012 - \$0.13) per option issued.

**Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$)  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012****12. SHARE CAPITAL** *(continued)***(c) Common Share Purchase Warrants**

The exercise price and expiry date of the warrants outstanding at June 30, 2013 are as follows:

Warrants	Exercise Price	Expiry Date
3,583,500	0.35	October 13, 2013
367,000	0.25	October 13, 2013
833,333	0.35	December 21, 2013 <sup>(1)</sup>
83,333	0.35	December 21, 2013
5,250,000	0.35	June 8, 2014 <sup>(1)</sup>
<u>10,117,166</u>		

<sup>(1)</sup> These warrants are subject to acceleration, at the option of the Company, in the event that the closing price of the Common Shares equals or exceeds \$0.50 for a period of 10 consecutive trading days at any time before expiry.

**13. RESERVES****(a) Share based payments**

Reserve for share based payments is comprised of the following:

	June 30, 2013	December 31, 2012
Balance, beginning of the period/year	\$ 3,814,594	\$ 3,650,474
Share based payments	(2,000)	171,000
Reserve transferred on exercise of options	-	(6,880)
Balance, end of period/year	<u>\$ 3,812,594</u>	<u>\$ 3,814,594</u>

**(b) Warrants**

Reserve for share based payments is comprised of the following:

	June 30, 2013	December 31, 2012
Balance, beginning of the period/year	\$ 800,000	\$ 485,000
Fair value of warrants issued on private placements	-	315,000
Balance, end of period/year	<u>\$ 800,000</u>	<u>\$ 800,000</u>

**Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$)  
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012****14. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION EXPENDITURES**

The evaluation and exploration expenses for the Company are broken down as follows:

	Six month period ended		Cumulative to date *
	June 30, 2013	June 30, 2012	
Baldwin, Ontario	\$ 1,047	\$ 1,466	\$ 597,267
Casa Berardi, Quebec	82	-	685,643
Goldie, Ontario	-	-	511,825
Kirkland West, Ontario	1,208	1,209	256,698
Omega Property, Ontario	603,055	1,356,199	5,501,576
Sackville, Ontario	-	8,188	608,831
General and other	-	(4,820)	112,501
<b>Exploration and evaluation expenditures</b>	<b>\$ 605,392</b>	<b>\$ 1,362,242</b>	<b>\$ 8,274,341</b>

\* Only properties currently under exploration are included in this figure.

Pursuant to a re-instated option agreement in respect of its Boudreault property, the Company made a \$10,000 payment in 2010. In order to exercise its right to acquire the Boudreault property under the re-instated option, Mistango made a cash payment of \$15,000 and issued 25,000 shares in the capital of the Company on December 1, 2010.

On June 14, 2011, the Company entered into a property option agreement to acquire a 100% interest in six claims in close proximity to the Company's Omega property in Larder Lake, Ontario. To acquire a 100% interest the Company will pay cash of \$150,000 as follows: \$25,000 on signing (paid), \$25,000 on or before June 30, 2012 (paid), \$50,000 on or before June 30, 2013, and \$50,000 on or before June 30, 2014 and issue 300,000 common shares as follows: 50,000 on signing (issued with a fair value of \$8,000), 50,000 on or before June 30, 2012 (issued with a fair value of \$10,000), 100,000 on or before June 30, 2013 (issued with a fair value of \$6,000), and 100,000 on or before September 30, 2014. In addition, the Company is required to carry out \$500,000 in work expenditures on these claims by June 30, 2014. The vendor will retain a 3% Net Smelter Royalty ("NSR").

During the six month period ended June 30, 2013, the Company entered into an amendment on the property option agreement. Under the original agreement the Company was to pay \$50,000 on or before June 30, 2013 and additional \$50,000 on or before June 30, 2014. Under the new agreement the Company will pay \$110,000 on or before June 30, 2014.

## **Mistango River Resources Inc.**

(An Exploration Stage Enterprise)

### **NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS (CDN\$) FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2013 AND 2012**

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#### **15. COMMITMENTS AND CONTRACTUAL OBLIGATIONS**

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

The Company may become subject to tax audits of the flow-through expenditures renounced to investors; however, the Company believes that all Canadian Exploration Expenditures were effected and renounced in compliance with the prescribed regulations of the *Income Tax Act (Canada)*.

During the year ended December 31, 2012, 8,000,000 flow-through shares were issued pursuant to the private placements described in Note 12 (a) for gross proceeds of \$2,000,000. As at June 30, 2013, the Company is committed to spending approximately \$Nil (December 31, 2012 - \$582,000) on Canadian exploration costs by December 31, 2013 as part of its 2012 flow-through funding agreements the Company has expended all of these flow-through funds. The Company has indemnified the subscribers for any tax related amounts that become payable by the subscribers as a result of the Company failing to meet its expenditure commitments.

During the year ended December 31, 2012, Mistango signed a one-year lease extension on the Kirkland Lake premises. Pursuant to the terms of the renewed lease agreement, the Company is committed to paying approximately \$22,245 per year, to a company owned by the President of Mistango.



# MISTANGO RIVER

## R E S O U R C E S

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**June 30, 2013**



# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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*This management discussion and analysis ("MD&A") has been prepared based on information available to Mistango River Resources Inc. ("Mistango" or the "Company") as at August 13, 2013. This MD&A should be read in conjunction with the Company's unaudited interim financial statements and the related notes for the three and six month periods ended June 30, 2013 and 2012 and the audited financial statements and the related notes for the years ended December 31, 2012 and 2011. The accompanying financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

### **MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")**

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

### **CAUTIONARY NOTE**

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***Risks and Uncertainties***.

### **Overview**

Mistango is a Canadian-based junior mining and exploration company incorporated under the Canada Business Corporations Act which currently holds a portfolio of exploration stage projects in Ontario and Quebec which Mistango continues to evaluate. Recent developments include the following:

- On July 10, 2013, the Company filed a National Instrument 43-101 resource estimate on the 100% owned Omega Project. In the potential open pit area the inferred+indicated resource tonnes have been increased by 117% and contained ounces of gold by 34%. The global inferred+indicated resource tonnes have been increased by 92% and the global contained gold ounces by 24%. The Inferred Mineral Resource estimate, at cut-offs of 0.5 g/t Au for mineralization above an elevation of 130 m above sea level (masl), representing open-pit potential and for a cut-off of 3 g/t Au below 130 masl, representing underground potential is set out in the table below. Note that 130 masl approximately corresponds to 170 m vertical depth in areas proximal to main mineralization zones:

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Cut-off grade	Classification	Tonnes (Mt)	Au (g/t)	Contained (Oz)
0.5 g/t above 130 masl	Indicated	4.92	1.39	219,438
3 g/t below 130 masl	Indicated	0.003	3.19	370
			<b>Total Indicated</b>	<b>219,808</b>
0.5 g/t above 130 masl	Inferred	3.35	1.8	190,900
3 g/t below 130 masl	Inferred	1.34	4.0	174,500
			<b>Total Inferred</b>	<b>365,400</b>

Note: A constant bulk density of 2.8 t/m<sup>3</sup> has been used.

- On May 22, 2013, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-13-110:** 1.72 g/t Au over 19m (including 1m of 10.75 g/t gold)
  - OM-13-112:** 1.46 g/t Au over 15m (including 1m of 3.68 g/t gold and 1m 3.4 g/t gold)
- On March 21, 2013, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-13-107:** 3.459 g/t Au over 32m (including 2m of 17.225 g/t gold)
  - OM-13-109:** 1.763 g/t Au over 57m (including 19m of 2.656 g/t gold and 5m 3.522 g/t gold)
- On December 20, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-99:** 3.579 g/t Au over 7m (including 2m of 5.470 g/t gold)
  - OM-12-104:** 2.105 g/t Au over 4.9m (including 1m of 6.320 g/t gold)
- On October 29, 2012, the Company filed a National Instrument 43-101 resource estimate on the 100% owned Omega Project. The Inferred Mineral Resource estimate, at cut-offs of 0.5 g/t Au for mineralization above an elevation of 130 m above sea level (masl), representing open-pit potential and for a cut-off of 3 g/t Au below 130 masl, representing underground potential is set out in the table below. Note that 130 masl approximately corresponds to 170 m vertical depth in areas proximal to main mineralization zones:

Cut-off grade	Tonnes	Au (g/t)	Contained (Oz)
0.5 g/t above 130 masl	3,800,000	2.50	306,100
3 g/t below 130 masl	1,200,000	4.33	166,000
Total	5,000,000	2.93	472,100

Note: A constant bulk density of 2.89 t/m<sup>3</sup> has been used.

- On September 20, 2012, the Company signed a Memorandum of Understanding (MOU) with United Commodity AG (UC) of Thun of Switzerland regarding reprocessing of the tailings from the former Omega mine situated on the Company's property located in Larder lake Ontario.
- On August 22, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-92:** 2.419 g/t Au over 19.5m
  - OM-12-93:** 1.494 g/t Au over 55m
- On August 7, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-80:** 1.113 g/t Au over 15m and 16m of 0.959 g/t Au and 17m of 1.248 g/t Au
  - OM-12-81:** 1.259 g/t Au over 10m and 12m of 3.808 g/t Au
  - OM-12-84:** 1.060 g/t Au over 28m and 10m of 2.408 g/t Au
  - OM-12-88:** 0.810 g/t Au over 44 m

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- On June 8, 2012, the Company completed a private placement totaling 8,000,000 flow-through units at \$0.25 each for an aggregate amount of \$2,000,000 and 2,500,000 units at \$0.20 each for an aggregate amount of \$500,000 for total proceeds for \$2,500,000. Each flow-through unit is comprised of one "flow-through" common share and one half of one common share purchase warrant. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.35 for a period of 24 months.
- On April 30, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-72: 1.177 g/t gold over 59 metres (including 34 metres of 1.834 g/t gold)
  - OM-12-76: 0.946 g/t gold over 94 metres (including 18 metres of 1.360 g/t gold)
- On March 2, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-12-67: 1.787 g/t gold over 16 metres (including 2 metres of 5.84 g/t gold)
  - OM-12-69: 2.687 g/t gold over 12 metres (including 8 metres of 3.706 g/t gold)
  - OM-12-70: 0.997 g/t gold over 54 metres (including 10 metres of 2.421 g/t gold: Open Pit)
- On January 23, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - OM-11-63
    - 2.66 g/t gold over 24 metres (including 13.44 g/t over 4 metres)
- On January 5, 2012, the Company announced the results drilling its 100% owned Omega Gold Mine Property located in Larder Lake, Ontario. Drilling highlights included:
  - Hole OM-11-53
    - From 492 m to 499 m 4.889 g/t Au over 7 metres (including 7.730 g/t au over 4 m)
  - Hole OM-11-64
    - From 697 m to 709 m 1.845 g/t Au over 12 metres (including 2.354 g/t Au over 7 m)

### Selected Annual Financial Information

Expressed in Canadian dollars, except share amounts	June 30, 2013 \$	December 31, 2012 \$	December 31, 2011 \$
Cash	332,868	1,113,125	1,036,190
Property, plant and equipment	98,692	109,658	130,898
Total assets	492,210	1,400,339	1,885,357
Working capital	63,456	704,419	1,232,000
Long-term liabilities	-	-	16,131
Cash used in operations	(780,257)	(2,883,736)	(3,316,364)
Common shares issued for cash	-	2,552,000	2,900,000
Common shares outstanding*	38,073,481	37,973,481	27,371,481
Operating expenses	771,929	3,214,464	3,377,055
Net loss	(660,629)	(2,811,190)	(1,271,654)
Other comprehensive loss (income)	37,040	3,670	(61,496)
Net loss per share- basic and diluted *	(0.02)	(0.08)	(0.07)
Dividends paid	0.00	0.00	0.00

\* Number of shares outstanding is post four for one share consolidation of the Company's issued and outstanding share

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Selected Quarterly Information

	2013 Q2	2013 Q1	2012 Q4	2012 Q3
	\$	\$	\$	\$
Revenues	-	-	-	-
Expenses	203,645	477,884	741,042	720,032
Net loss	(182,745)	(619,742)	(619,742)	(607,432)
Basic and fully diluted loss per share	(0.00)	(0.01)	(0.02)	(0.02)

	2012 Q2	2012 Q1	2011 Q4	2011 Q3
	\$	\$	\$	\$
Revenues	-	-	-	-
Expenses	679,663	1,073,727	1,327,749	1,320,994
Net loss	(632,563)	(951,453)	(1,465,062)	(1,374,807)
Basic and fully loss per share	(0.02)	(0.03)	(0.06)	(0.07)

### Results of Operations

#### Three months ended June 30, 2013 and 2012

For the three month period ended June 30, 2013, the Company posted net loss of \$182,745 compared to net loss of \$632,563 in the same period in 2012. Net loss per share was 0¢ (2012 – 2¢). The current year net loss is mainly a result of exploration and evaluation expenditures.

General office expenses decreased in the three month period ended June 30, 2013 to \$9,740 (2012 - \$21,445), shareholder information expenses decreased in the three month period ended June 30, 2013 to \$9,056 (2012 - \$54,026) and professional fees and consulting decreased in the three month period ended June 30, 2013 to \$14,081 (2012 - \$27,365) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

Salaries, fees and benefits were reduced in the three month period ended June 30, 2013 to \$34,871 (2012 - \$41,969) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties. These fees are expected to be consistent in the coming quarter.

Exploration and evaluation expenditures decreased in the three month period ended June 30, 2013 to \$140,414 (2012 - \$514,032) as management continued to advance its Omega property and meet its flow-through share commitments. These expenditures are expected to decrease in the coming quarter as the Company has met its flow-through share commitments and management looks at ways to preserve its current working capital.

The Company incurred stock-based compensation during the three month period ended June 30, 2013 of \$(10,000) compared to \$13,000 for the same period in 2012. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued, vesting, cancelled before vesting and the underlying assumptions used in the model.

The Company incurred a flow-through share premium recovery during the three month period ended June 30, 2013 of \$23,000 compared to \$55,000 for the same period in 2012. This recovery is a result of flow-through shares that were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers during the prior year and the reversal of this premium resulting from flow-through funds spent.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Six months ended June 30, 2013 and 2012

For the six month period ended June 30, 2013, the Company posted net loss of \$660,629 compared to net loss of \$1,584,016 in the same period in 2012. Net loss per share was 2¢ (2012 – 6¢). The current year net loss is mainly a result of exploration and evaluation expenditures.

General office expenses decreased in the six month period ended June 30, 2013 to \$16,560 (2012 - \$60,694), shareholder information expenses decreased in the six month period ended June 30, 2013 to \$44,964 (2012 - \$110,601) and professional fees and consulting decreased in the six month period ended June 30, 2013 to \$28,303 (2012 - \$48,211) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

Salaries, fees and benefits were reduced in the six month period ended June 30, 2013 to \$67,744 (2012 - \$95,118) as management of Mistango continues to take action to reduce all expenses to focus as much resources on exploring its mineral properties.

Exploration and evaluation expenditures decreased in the six month period ended June 30, 2013 to \$605,392 (2012 - \$1,362,242) as management continued to advance its Omega property and met its flow-through share commitments.

The Company incurred stock-based compensation during the six month period ended June 30, 2013 of \$(2,000) compared to \$58,000 for the same period in 2012. Stock-based compensation expenses are booked based on the valuation of options using the Black-Scholes model. The expense varies based on the number of options issued, vesting, cancelled before vesting and the underlying assumptions used in the model.

The Company incurred a flow-through share premium recovery during the six month period ended June 30, 2013 of \$116,000 compared to \$149,000 for the same period in 2012. This recovery is a result of flow-through shares that were issued at a premium to the market price in recognition of the tax benefits accruing to subscribers during the prior year and the reversal of this premium resulting from flow-through funds spent.

### Capital Resources and Liquidity

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and on the assumption that Mistango will be able to realize the carrying value of its assets and discharge its liabilities in the normal course of business as a going concern. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

### Capital Resources

As at June 30, 2013, the Company had cash and cash equivalents of \$332,868 (December 31, 2012 - \$1,113,125), and working capital of \$63,456 (December 31, 2012 – \$704,419). The Company will use this working capital and seek additional financing as needed to fund its on-going 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.

On June 8, 2012, the Company completed a private placement totaling 8,000,000 flow-through units at \$0.25 each for an aggregate amount of \$2,000,000 and 2,500,000 units at \$0.20 each for an aggregate amount of \$500,000 for total proceeds for \$2,500,000. Each flow-through unit is comprised of one "flow-through" common share and one half of one common share purchase warrant. Each unit is comprised of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at a price of \$0.35 for a period of 24 months.



# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Liquidity

#### Future Sources of Funds

The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. If the Company's exploration programs are successful, additional funds will be required to develop Mistango's properties and, if successful, to place them in commercial production. The only sources of future funds available to the Company are further offerings of either debt or equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part. 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, if needed, 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 shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit its interests in some or all of its properties and reduce or terminate its operations.

There are no other statement of financial position conditions that would adversely affect the Company's liquidity.

#### Commitments and Contingencies

The Company may become subject to tax audits of the flow-through expenditures renounced to investors; however, the Company believes that all Canadian Exploration Expenditures were effected and renounced in compliance with the prescribed regulations of the *Income Tax Act (Canada)*.

The Company has entered into a one-year lease extension for its current location in Kirkland Lake with a Company owned by the President of the Company.

### Mineral properties

The following table summarizes the Company's exploration activity during the six month periods ended June 30, 2013 and 2012:

	Six month period ended		Cumulative
	June 30, 2013	June 30, 2012	to date *
Baldwin, Ontario	\$ 1,047	\$ 1,466	\$ 597,267
Casa Berardi, Quebec	82	-	685,643
Goldie, Ontario	-	-	511,825
Kirkland West, Ontario	1,208	1,209	256,698
Omega Property, Ontario	603,055	1,356,199	5,501,576
Sackville, Ontario	-	8,188	608,831
General and other	-	(4,820)	112,501
<b>Exploration and evaluation expenditures</b>	<b>\$ 605,392</b>	<b>\$ 1,362,242</b>	<b>\$ 8,274,341</b>

\* Only properties currently under exploration are included in this figure.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### ***Baldwin/Omega Property***

Line cutting has now been completed and deep penetrating induced polarity survey (IP) commenced during March 2011. Mistango considers the Omega property to have excellent potential to host an economic gold deposit.

The following is excerpted from a report prepared by Guy Hinse P.Eng. and dated May 7 1986:

"Historic production from the previous owner Omega Gold Mines was 1,584,264 tons with an average grade of 0.158 ounces gold per ton from 1936 to 1947. None of the forgoing is 43-101 compliant and should not be relied on. It is presented as historical information only. The property lies along the Larder Lake "break", a major structure defined by the presence of carbonate rocks. This structure is highly favourable to economic concentrations of gold values.

Using a cut off grade of 0.10 ounce per ton, a minimum mining width of 4 feet and all assays cut to 1 ounce. Drill indicated reserves were estimated at 269,934 tons of 0.160 oz Au/ton (5.48 g/t Au) mostly above the 300 foot level. This estimate is non 43-101 compliant and is not to be relied upon. Undoubtedly there remains an unknown quantity of low grade material in the wall and peripheries of the mined out ore zones."

On June 14, 2011, the Company entered into a property option agreement to acquire a 100% interest in six claims in close proximity to the Company's Omega property in Larder Lake, Ontario. To acquire a 100% interest the Company will pay cash of \$150,000 as follows: \$25,000 on signing (paid), \$25,000 on or before June 30, 2012 (paid), \$50,000 on or before June 30, 2013, and \$50,000 on or before June 30, 2014 and issue 300,000 common shares as follows: 50,000 on signing (issued with a fair value of \$8,000), 50,000 on or before June 30, 2012 (issued with a fair value of \$10,000), 100,000 on or before June 30, 2013 (issued with a fair value of \$6,000), and 100,000 on or before June 30, 2014. In addition, the Company is required to carry out \$500,000 in work expenditures on these claims by June 30, 2014. The vendor will retain a 3% Net Smelter Royalty ("NSR").

During the six month period ended June 30, 2013, the Company entered into an amendment on the property option agreement. Under the original agreement the Company was to pay \$50,000 on or before June 30, 2013 and additional \$50,000 on or before June 30, 2014. Under the new agreement the Company will pay \$110,000 on or before June 30, 2014.

### ***Kirkland West Property***

The Company is reviewing all its historical work on this property to outline an exploration program to be executed late in 2013.

### ***Sackville Property***

Mistango holds a 100% interest in the Sackville Property with RJK Explorations Ltd. retaining a 1% NSR. Mistango has now received all the geochemistry samples undertaken during 2010. Upon reviewing this data and older data, there appears to be a significant area of high enzyme leach geochemistry results in an area of low magnetics. This is an area yet to be tested by any drilling and has been tested only partially by geophysics. The property could potentially be the host of the high grade gold/silver/zinc boulders discovered previously. In 2010, Mistango completed a 43-101 report on the property which can be reviewed on [www.sedar.ca](http://www.sedar.ca) or the company's website at [www.mistangoriverresources.com](http://www.mistangoriverresources.com).

### ***General***

The Company has no exploration or evaluation work planned for its other exploration properties during 2013. Timing of receipt of proceeds from the sale of assets and/or participation in a flow-through share arrangement will affect timing of exploration and development of each of Baldwin/Omega and Sackville properties during 2013.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Dividend Record

There are no restrictions that prevent the Company from paying dividends. The Company has not paid any dividends on its common shares during the last 5 fiscal years. The Company currently has no intention of paying any dividends on its Class A common shares. The Board of Directors of the Company will determine if and when dividends should be declared and paid in the future, based on the Company's financial position at the relevant time.

### Critical Accounting Estimates

The preparation of the financial statements are in conformity with IFRS and require management to make judgements and estimates and form assumptions that affect the reported amounts of 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 recoverability of trade and other receivables, valuation of deferred income tax amounts and the calculation of share-based payments and warrants. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

#### Calculation of share based payments and warrants

The Black-Scholes option pricing model is used to determine the fair value for the share based payments and warrants and utilizes subjective assumptions such as expected price volatility and expected life of the option or warrant. Discrepancies in these input assumptions can significantly affect the fair value estimate.

#### Income taxes

Tax interpretations, regulations and legislation in the various jurisdictions in which the operates are subject to change and interpretation. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the statement of financial position date could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

### Related Party Transactions and Key Management

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly. Compensation awarded to key management during the six month periods ended June 30, 2013 and 2012 included:

	June 30, 2013	June 30, 2012
<b>Balances:</b>		
Short-term employee benefits	\$ 174,000	\$ 146,000
Total compensation paid to key management	\$ 174,000	\$ 146,000



# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other services to Mistango. All transactions were conducted in the normal course of operations and are measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties and are as follows:

During the six month period ended June 30, 2013, the Company was charged \$11,000 (2012 - \$11,000) for administrative costs are comprised of rent paid to a company controlled by the President of the Company (See Note 15 - Commitments and Contractual Obligations).

Trade and other payables at June 30, 2013 includes \$10,000 (December 31, 2012 - \$11,000) owing to officers, directors and companies controlled by officers and directors.

Management believes these transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

### Additional Disclosure for Venture Companies without Significant Revenue

	Six Month Period Ended June 30, 2013	Year Ended December 31, 2012
<b>Exploration and evaluation expenditures in the period/year</b>		
Government fees	\$ 3,054	\$ 6,182
Acquisition/staking	-	39,000
Prospecting	6,033	18,533
Drilling	406,106	1,885,923
Assays, surveys, maps	77,354	280,081
Travel	11,032	38,126
Equipment rental	5,112	52,131
Project administration	78,941	139,913
Other	17,760	23,831
	<b>\$ 605,392</b>	<b>\$ 2,483,720</b>

### Outstanding Share Data

Mistango's 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 of shares is redeemable by Mistango, in whole or in part, at the rate of \$1,000 per Series A share. The holders of Series A shares are not entitled to receive dividends. There were no Class B, Series A Preferred Shares issued as at the date of this MDA.

<b>As at August 13, 2013</b>	<b>Outstanding</b>
Class A common shares issued	<b>38,073,481</b>
Shares issuable pursuant to:	
Warrants	<b>10,117,166</b>
Stock options	<b>2,100,000</b>
<b>Fully diluted</b>	<b>50,290,647</b>

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Risks and Uncertainties

#### Operational

There is uncertainty about the Company's ability to realize the carrying value of its assets and discharge its liabilities as they come due. The ability of the Company to continue as a going concern is dependent upon, among other things, being able to obtain additional financing and reach positive cash flows from operations.

The Company's assets are subject to the risk of increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations. Operational risks include finding and developing economic ore reserves. Financial risks include interest and U.S. dollar exchange rates, which are beyond the control of the Company. The ability of the Company to develop its properties and the future profitability of the Company are directly related to the market price of exploited minerals and metals. The Company is subject to various regulatory risks, many of which also are beyond the control of the Company.

The Company is considered to be in the exploration stage and has not yet recorded any revenues from its on-going operations nor has the Company commenced commercial production on any of its properties. There can be no assurance that the Company will generate any revenues or that the assumed levels of expenses will prove to be accurate.

The Company expects to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Company's properties will require substantial resources to complete the development of its properties. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future.

The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are added. The amounts and timing of expenditures will depend on the progress of on-going development, the results of consultant's analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.

Changes in the market price of precious and base metals will significantly impact the ability of the Company to finance its operations and, indirectly, its share price. The Company's financial results will be very sensitive to external economic factors related to metal prices. A major risk will arise if there is a prolonged period of lower metal prices. Many factors beyond the Company's control influence the market price of the metals the Company seeks on its mineral properties. These factors include: global supply and demand; availability and costs of metal substitutes; speculative activities; international political and economic conditions; and production levels and costs in other gold-producing countries.

The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production. Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licenses and also imposes standards and controls on activities relating to exploration, development and production of gold and other precious metals. The cost of obtaining operating licenses and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licenses or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. The Company will be responsible for all costs of closure and reclamation at the Goldfields Mine. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of protecting human health and the environment. Some of the issues currently under review by environmental agencies include reducing or stabilizing air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company expects that capital and operating expenditures will increase as a result of compliance with the introduction of new more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean-up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will, at all future times, be in compliance with all federal and provincial environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations. The mining industry is intensely competitive and the Corporation must compete in all aspects of its operations with a substantial number of other junior mining companies, some of which have greater technical and financial resources. The Company may be at a disadvantage with respect to some of its competitors in the acquisition and/or development of high potential mining properties throughout the principal markets and geographical areas in which the Company carries on its business activities.

### **Financing risk**

There can be no assurance that any funding required by the Company will become available, and, if so, that it will be offered on reasonable terms or that the Company will be able to secure such funding through third party financing or cost sharing arrangements. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or projects or that they can be secured on competitive terms.

### **Political Risk**

All of the Company's properties are located in Canada. Accordingly, the Company is subject to risks normally associated with exploration for and development of mineral properties in Canada. The Company's mineral exploration activities could be affected in varying degrees by such political instability, aboriginal land claims and government regulation relating to foreign investment and the mining business. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation.

### **Acquisition**

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

### **Segregation of duties**

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

### Reliance on Management

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

### 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* - 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);

*Level 3* - valuation techniques using inputs for the asset or liability that are not based on observable market data.

#### *Fair value*

The Company's financial instruments as at June 30, 2013 include cash and cash equivalents, trade and other receivables, investments, trade and other payables, and long-term debt. The Company has designated its cash and cash equivalents as FVTPL, which are measured at fair value cash and cash equivalents and is determined based on transaction value and is categorized as Level 1 measurement. The Company has designated its investments as available-for-sale, which are measured at fair value and is determined based on transaction value and is categorized as Level 1 measurement. Fair value of trade and other receivable and trade and other payables are determined from transaction values which were derived from observable market inputs. Fair values of these financial instruments are based on Level 2 measurements. The Company records its financial instruments at their carrying amounts which approximates fair value, unless otherwise disclosed in the financial statements. The carrying amounts approximate fair values due to the short-term maturities of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### *Interest-rate risk*

The Company has cash and cash equivalents balances bearing fixed interest rates and no interest bearing debt. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *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.

# Mistango River Resources Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Company's credit risk is primarily attributable to cash and cash equivalents and receivables included in current assets. The Company has no material concentration of credit risk arising from operations. Cash and cash equivalents consist of bank deposits and short-term guaranteed investment certificates, which have been invested in a Canadian chartered bank, from which management believes the risk of loss is remote. As at June 30, 2013, the Company's receivables primarily consist of amounts due from the Canadian government. The Company's receivables are normally collected within a 60-90 day period. The Company has not experienced any significant collection issues to June 30, 2013. The Company is exposed to credit risk with regards to debtors refusing payment and the government denying the Company claims filed.

The Company's maximum exposure to credit risk as at June 30, 2013 is the carrying value of cash and cash equivalents and trade and other receivables.

### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2013, the Company had current assets of \$360,095 (December 31, 2012 - \$1,215,518) to settle current liabilities of \$296,639 (December 31, 2012 - \$511,099). 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. All of the Company's financial liabilities (other than long-term debt) have contractual maturities of less than 30 days and are subject to normal trade terms. As at June 30, 2013, the Company had working capital of \$63,456 (December 31, 2012 - \$704,419).

### *Price risk*

The Company holds common shares of companies traded on the Toronto stock exchange Venture ("TSXV"). The Company has classified some of these investments as FVTPL and others as available-for-sale and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions

## **Internal Control over Financial Reporting**

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The Company's President and Chief Executive Officer and Chief Financial Officer have ensured the design of internal control over financial reporting.

During the most recent year, there were no changes in the Company's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Other Information**

This MD&A of the financial position and results of operation as at June 30, 2013, should be read in conjunction with the unaudited interim financial statements and related notes for the three and six month period June 30, 2013 and 2012 and the audited financial statements and related notes for the years ended December 31, 2012 and 2011. Additional information will be accessible at the Company's website [www.mistangoriverresources.ca](http://www.mistangoriverresources.ca) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

# **Mistango River Resources Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **Management's Responsibility**

Management is responsible for all information contained in this MD&A. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited interim financial statements with management. The Board of Directors has approved these unaudited interim financial statements on the recommendation of the Audit Committee.

External auditors, appointed by the shareholders, have not audited or reviewed the unaudited interim financial statements for the three and six month periods ended June 30, 2013 and 2012 and did not performed the tests deemed necessary to enable them to express an opinion on these unaudited interim financial statements.

"Robert J. Kasner"  
President and Chief Executive Officer

August 13, 2013