



**MUSTANG MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
MARCH 31, 2018**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the March 31, 2018 consolidated financial statements of Mustang Minerals Corp. ("Mustang" or the "Company"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical fact, that address future exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Additional information can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars, unless otherwise noted.

1. DATE

The date of this MD&A is May 28, 2018.

2. Overview

Exploration Highlights -

During the first quarter of 2018 the Company commenced a drill program at the Mayville Lithium project targeting the Main Dyke. The objective of the program will be to test a substantial portion of the 1 km strike length potential of the ore body for lithium and rare metals. Results of the drill program are pending.

The Company also initiated a ground and borehole EM survey at the Makwa Nickel property targeting new areas of high grade nickel copper cobalt platinum group metals mineralization. As of the date hereof the surveying has been completed and interpretation and report generation are in progress.

Other -

The Company completed a ten for one share consolidation and two subsequent financings during the fourth quarter of 2017. Gross proceeds of \$3,655,217 were raised in the two financings. With significantly enhanced working capital and streamlined share structure the Company is now able to continue to explore and develop its properties. The property portfolio of the Company offers exposure to nickel, copper, cobalt, lithium and rare metals and platinum group metals. Nickel, copper and cobalt are metals increasingly being utilized in battery technology for electric vehicles and energy storage..

The Company announced that it wished to reflect its focus on metals increasingly identified with the electric vehicle market and it planned to change the name of the Company to Grid Metals Corp. Shareholders approved the name change at a special meeting held for the purpose and the Company plans to complete the name change in the second quarter of 2018.

In addition to the Makwa Mayville Nickel Copper Cobalt PGE project the Company added the Mayville Lithium Rare Metals Property acquired from Tantalum Mining Corporation of Canada Ltd. The Property has at least four known pegmatites two of which have a combined historical resource. At least one of the pegmatites are the highly evolved lithium cesium tantalum (LCT) type. The historical resource of 3.95 million tonnes at 1.28% Li₂O is a historical resource; however, the resource is not National Instrument 43-101 compliant and cannot be relied on.

Both Manitoba projects are located in the Bird River Sill in southeastern Manitoba. Results of a National Instrument 43-101 Preliminary Economic Analysis ("PEA") combining the Makwa and Mayville Deposits were announced May 26, 2014. Nickel, copper, cobalt and PGMs, contained in the Project, are key metals in the manufacture of battery technology for electric vehicles. The Company is uniquely positioned to benefit from the trend toward battery technology.

Makwa Mayville Project PEA Overview

On April 8, 2014, the Company announced the highlights of a National Instrument 43-101 compliant Preliminary Economic Assessment (the “PEA”) of the Mayville-Makwa Project (the “Project”). The Technical Report on the Preliminary Economic Assessment of the Combined Mayville-Makwa Project, Manitoba Canada (“Technical Report”) is dated April 30, 2014 and is filed online at Sedar.com. Mustang retained RPA Inc. as the independent third party to complete the PEA. Other activities included a geophysical review of the Mayville Deposit focusing on the depth potential of the deposit.

The PEA examined a proposed mining operation where ore is processed from two open pit resources (Makwa and Mayville) with metal recovery at a central mill located at the Mayville site. The mining operation outlined is a conventional truck and shovel operation with metal recovery by conventional flotation concentration. Proposed total mine life is 14 years with an average mining daily rate of 8,200 tonnes per day of mineralized material. Average annual production from the Project is 3,600 tonnes of nickel in concentrate, 8,700 tonnes of copper in concentrate and 9,800 combined ounces of platinum and palladium. The concentrator location is proposed to be at the Mayville site and Makwa material will be trucked to the Mayville concentrator, a distance of 43 kilometres. The Makwa deposit is a nickel dominant deposit with lesser contributions of copper, palladium and cobalt. The Mayville deposit is a copper dominant deposit with lesser contributions of nickel and palladium. Metallurgical testing has demonstrated that the deposits are amenable to flotation concentration. The PEA noted further optimization of the project could be achieved with additional work including trade-off studies, metallurgical process enhancement and additional drilling.

Project Economics

The distribution of gross revenue for the project by metal is 44.3% nickel and 46.8% copper, 5.0% palladium, 1.8% platinum, 1.4% gold, and 0.3% cobalt. Using the base case metal price assumptions of US\$8.50 lb nickel and US\$3.40 lb copper the project achieves payback of capital after 3.5 years.

The following table outlines a base case analysis based on the assumptions set out in the PEA.

| Description | Base Case |
|------------------------------------|------------------|
| Nickel US\$ (lb) | \$8.50 |
| Copper US\$ (lb) | \$3.40 |
| Palladium US\$ (oz) | \$800 |
| C\$/US\$ Exchange Rate | \$0.90 |
| Operating Cash flow (millions) | C\$637 |
| Capex (millions) | C\$300 |
| Pre-tax NPV at 7.5% (millions) | C\$109 |
| Pre-tax IRR | 17% |
| After tax NPV at 7.5% (millions) | C\$97 |
| After tax IRR | 16% |

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty the PEA will be realized.

Project Mineral Resource Estimates

The potential economic viability of the Makwa and Mayville deposits was evaluated using measured, indicated and inferred mineral resources. RPA updated the mineral resources for both deposits. The Makwa mineral resource was prepared using drilling data current to October 14, 2009 and for Mayville the mineral resource estimate used drill-hole data as of November 27, 2013. The NSR cut-off value used for Mayville was C\$15/t and for Makwa was C\$20.64/t. The portion of the measured mineral resources, indicated mineral resources and inferred mineral resources used for evaluation in the PEA is shown in the table that follows.

MINERAL RESOURCE SUMMARY AS OF NOVEMBER 27, 2013
Mustang Minerals Corp. – Makwa-Mayville Project

| Class and Deposit | Tonnes (Mt) | Ni (%) | Cu (%) | Pt (g/t) | Pd (g/t) | Au (g/t) | Co (%) |
|------------------------|-----------------|-------------|-------------|-------------|-------------|-------------|------------|
| Indicated | | | | | | | |
| Makwa | 7.2 | 0.61 | 0.13 | 0.10 | 0.36 | N/A | 0.01 |
| Mayville | 26.6 | 0.18 | 0.44 | 0.05 | 0.14 | 0.05 | N/A |
| Total Indicated | 33.8 | 0.27 | 0.37 | 0.06 | 0.19 | N/A | N/A |
| Inferred | | | | | | | |
| Makwa | 0.7 | 0.27 | 0.08 | 0.05 | 0.14 | N/A | 0.02 |
| Mayville | 5.2 | 0.19 | 0.48 | 0.06 | 0.15 | 0.04 | N/A |
| Total Inferred | 5.8 | 0.19 | 0.43 | 0.06 | 0.15 | N/A | N/A |

Notes:

1. CIM Definition Standards have been followed for classification of Mineral Resources
2. Mineral Resources are reported at a net smelter return (NSR) cut-off value of C\$15/tonne at Mayville and C\$20.64/tonne at Makwa
3. At Mayville, NSR values are calculated in C\$ using factors of \$51 per % Cu and \$41 per % Ni. These factors are based on metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97.
4. The Makwa Mineral Resources are estimated using metal prices of US\$3.40/lb Cu and US\$8.50/lb Ni, estimated recoveries and smelter terms, and a US\$/C\$ exchange rate of 0.97. The NSR factors used: \$87.33 per % Ni, \$29.65 per % Cu, \$38.25 per % Co, \$0.14 per g/t Pt and 0.08 per g/t Pd.
5. Totals may not add correctly due to rounding.
6. Mineral Resource that are not Mineral Reserves do not have demonstrated economic viability.

Project Parameters

The PEA outlined the scope for the project and a summary of the key operating and cost parameters of the project are as follows:

- The project was evaluated as owner operated.
- Net smelter return revenue of C\$1.739 billion is from sale of copper and nickel concentrates.
- Average net smelter return per tonne is C\$45.
- Initial capital cost of the project is C\$209 million (including contingency) to build the mine, site infrastructure, sulfide flotation plant and purchase of new mining equipment to achieve commercial production. Total capital cost including sustaining is C\$301million. (the PEA did not account for use of mill equipment currently owned by Mustang)
- Operating costs include open pit mining costs of \$2.00 per tonne and concentrator operator costs of \$10.50/t.
- Metallurgical recoveries used in the study for Makwa were 73% for nickel and 80% for copper. For Mayville the nickel recovery used was 40% for nickel and 90% for copper.
- RPA selected indicative terms for concentrate payment and charges typical for the current market.
- The project has operating cash flow of C\$637 million. Pre-tax cash flow was \$336 million and the Net Present Value (7.5%) was C\$109 million with a 17% Internal Rate of Return. After tax Net Present Value (7.5%) of the project was C\$97 million.

RPA concluded that the geological interpretation and modeling were appropriate for the current level of study and that the exploration work met industry standard practices.

Recommendations

RPA made the recommendation that Mustang continue to evaluate the technical and economic viability of the project. In order to advance the project additional drilling, trade off studies, environmental studies, geotechnical work and metallurgical test work were recommended.

Mustang is considering a range of options to add value to the project and follow up the results of the PEA. The Company plans to review the cobalt potential of the Mayville Deposit during 2018. There are significant cobalt values associated with the Mayville Deposit but no cobalt was included in the resource calculated for the deposit.

Environmental Issues - Permitting and Community Impact

The PEA reviewed the environmental and social aspects of the project. The PEA noted that Mustang currently has a Memorandum of Understanding (MOU) with the Sagkeeng First Nation. Mustang consults with Sagkeeng on a regular basis regarding exploration permits for the project.

At the Makwa site, Mustang completed environmental work for the Makwa deposit in 2008. An environmental scoping study was completed for the Mayville area in 2009.

Permitting and mine closure were addressed in the PEA on a scoping study level. The Environmental Act Licence is the primary enabling approval document that is required from the Province of Manitoba before the project can be constructed. Environmental licensing is handled through the “one-window” process managed by Manitoba Conservation. The project would be a Class 2 development which will require a full environmental impact statement (EIS) to be submitted along with the license application. A mine closure plan will have to be prepared including an independent estimate of closure costs which will form the basis for the required financial assurance.

Qualified persons

The Qualified Persons involved in the preparation of the report are:

Reno Pressacco, M.Sc(A), P.Geo. RPA Inc.

David Ross, M.Sc., P. Geo. RPA Inc.

Hugo Miranda, MBA, C.P. RPA Inc.

Holger Krutzmann, P.Eng. RPA Inc.

Stuart E. Collins, P.E. RPA Inc.

This Technical Report conforms to the CIM Mineral Resource and Mineral Reserves definitions referred to in National Instrument (NI) 43-101, Standards of Disclosure for Mineral Projects.

Exploration

The Company has a large exploration mineral rights portfolio on both the north and south limbs of the Bird River Greenstone Belt, an area that has seen historical and current production for nickel copper lithium tantalum and cesium. An operating rare metals mine producing cesium formate (the Tanco Mine) is currently in operation. The location of this project is close to the City of Winnipeg, and a regional centre Lac du Bonnet, with the attendant infrastructure. The Company views the area as highly prospective for multiple commodities within an excellent mining jurisdiction near infrastructure in a “southern Canada” environment.

During 2017 the Company had a limited exploration program as it was conserving cash. It did undertake a limited review of existing drill core from the Mayville and Makwa properties and assayed for chromite. Results from three drill holes were announced. Notably, the values from Mayville drill hole May11-07 assays were the highest recorded over a five meter width of any historical chromite intercept in the Bird River Greenstone Belt. The Company then completed follow up analysis from several additional drill holes at Mayville. Further mineralogical work on chromite samples is required to assess the potential for creating a saleable chromite concentrate for shipment offshore.



Exploration and Development Expenditures

| For the three months ended March 31, 2018 | | | | |
|---|----------------|---------------|--------------------------|----------------|
| \$ | | | | |
| | Makwa | Mayville | Tanco (Mayville lithium) | Total |
| Geophysical | 140,725 | - | - | 140,725 |
| Geological | - | 29,850 | - | 29,850 |
| Drilling | - | - | 50,000 | 50,000 |
| Total | 140,725 | 29,850 | 50,000 | 220,575 |

3. SELECTED ANNUAL INFORMATION

Selected audited annual information for the three most recently completed years, all reported under IFRS, are as follows:

| Years ended December 31, | 2017 | 2016 | 2015 |
|--|-------------------|-------------------|-------------------|
| | \$ | \$ | \$ |
| Net loss before provision for income taxes | (496,516) | (287,774) | (3,241,251) |
| Net loss after provision for income taxes | (33,516) | (287,774) | (2,601,251) |
| Basic and diluted loss per share | (0.00) | (0.01) | (0.10) |
| Total assets | 30,384,979 | 27,760,997 | 28,027,483 |

4. RESULTS OF OPERATIONS

Overview

The following table provides selected financial information that should be read in conjunction with the consolidated financial statements of the Company for the periods ended March 31, 2018 and 2017.

| | For the three months ended | |
|---------------------|----------------------------|-------------------|
| | March 31, | |
| | 2018 | 2017 |
| | \$ | \$ |
| Operating expenses | (250,594) | (40,629) |
| Net loss | (245,152) | (40,629) |
| Net loss per share | (0.01) | (0.00) |
| Mining interests | 27,120,938 | 26,862,235 |
| Total assets | 30,177,784 | 27,739,485 |

Revenues

None of the Company's properties have advanced to the point where a production decision can be made. As a consequence, the Company has no producing properties and no sales or revenues. From time to time the Company will earn interest from funds on deposit and other income.

The major expense items for the periods ended March 31, 2018 and 2017 are summarized as follows:

| | Three months ended | |
|---|--------------------|---------------|
| | March 31, | |
| | \$ | |
| | 2018 | 2017 |
| Office, general and administrative | 127,460 | 13,738 |
| Management, directors and consulting fees | 74,333 | 38,914 |
| Professional fees | 28,710 | 1,664 |
| Gain on disposition of mining interests | - | (25,000) |
| Public company costs | 19,963 | 11,138 |
| Other | 128 | 175 |
| Total | 250,594 | 40,629 |

Mining assets

Significant Projects:

Manitoba

The Company's Makwa property position covers prospective terrain in the Bird River Greenstone Belt approximately 150 km northeast of Winnipeg, Manitoba. The Makwa Property, located near Lac du Bonnet, includes the former producing Makwa open pit nickel deposit and the Dumbarton Mine, both located on the south limb of the Bird River Greenstone Belt.

The chronology of activity at Makwa is as follows:

1. Mustang acquired the mineral rights to the property covering the former open pit Makwa Ni-Cu deposit and the former producing Dumbarton Ni-Cu deposit in June 2004.
2. A National Instrument 43-101 compliant resource estimate was completed by Scott Wilson Roscoe Postle Associates Inc. in February 2005.
3. The resource estimate was updated in January 2007 by Micon International Limited ("Micon") as part of a Preliminary Economic Assessment ("PEA") of Makwa.
4. A revised resource estimate dated September 2007 was completed by Wardrop Engineering Inc.
5. In May 2008 Micon completed a pre-feasibility study based on the September 2007 resource estimate.
6. A new resource estimate was completed by Micon in October 2009.
7. In February/March 2010 Micon issued a revised reserve estimate and project cash flow model.
8. On April 8, 2014 the Company announced the results of a PEA that looked at a mining operation combining the Makwa property with the Mayville property. The PEA for the combined operation assumed that the processing facilities would be designed for and situated at Mayville and the mineralized material from Makwa would be trucked to Mayville.

Manitoba

Mayville Property

The Mayville Property consists of unpatented mining claims located approximately 35 km north of the Makwa Deposit. The 22 km long contiguous land position is accessible from gravel and dirt roads and locally by logging roads. The cumulative 89% interest in the mineral rights to the Mayville Property were acquired through:

- 1) The purchase by Mustang of Falconbridge Limited's 72.6% interest in Maskwa Nickel Chrome Mines Limited (MNCM) completed in May 2005. MNCM owns a 40% interest in a venture covering the Mayville Property. The acquisition involved the payment of \$120,000 cash on closing and the issuance of 400,000 common shares of Mustang. A non-interest bearing note of \$210,000 is also

payable over five years to Falconbridge at the time commercial production is commenced from the Property.

- 2) The purchase by Mustang of the remaining venture interest owned by Exploratus Inc. (a private company). The purchase price totaled \$500,000 and was payable in the form of \$90,000 cash paid on closing, a note for \$165,000 due in 18 months from closing and 700,000 common shares subject to various hold and escrow periods. The purchase has been completed. Mustang subsequently purchased the net smelter royalty from Exploratus for 600,000 common shares.

On February 20, 2013, the Company announced a new resource estimate. The indicated resource amounted to 24.3 million tonnes at 0.45% copper and 0.19% nickel (0.69% copper equivalent). Inferred resources amounted to 4.1 million tonnes at 0.45% copper and 0.18% nickel (0.68% copper equivalent). The updated resource estimate was reported at a \$20 NSR cut-off. The Company has completed a Preliminary Economic Assessment based on co-development of the Mayville and Makwa deposits.

Lithium Assets – (Mayville Lithium)

During 2017 the Company acquired the lithium and rare metal rights to a property adjacent to the Mayville Property from Tantalum Mining Corporation of Canada. The Company had previously acquired the base and precious metal rights via an option agreement signed in 2010. The property is subject to a 2% NSR and Tantalum Corporation of Canada has the right to acquire at commercial terms any lithium or rare metals products produced from the property.

Other Mineral Interests

The Company controls the mineral rights to unpatented mining claims in Ontario referred to as the East Bull Lake Property and the Bannockburn Nickel Project.

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

| | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2017 Q2 |
|--------------------------------------|-----------|----------|----------|----------|
| | \$ | \$ | \$ | \$ |
| (a) Net Income (loss) | (245,152) | (33,516) | (36,747) | (60,736) |
| (b) Basic and diluted loss per share | (0.01) | 0.00 | 0.00 | 0.00 |

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 |
|--------------------------------------|----------|----------|---------|----------|
| | \$ | \$ | \$ | \$ |
| (a) Net income (loss) | (40,629) | (16,422) | 5,704 | (43,191) |
| (b) Basic and diluted loss per share | 0.00 | 0.00 | 0.00 | 0.00 |

Comments on quarterly results

2018 – Q1

The higher expenses Q1 – 2018 vs Q1 - 2017 are primarily explained by the following: The Company recorded advisory services fees of \$53,333 (2017 – Nil); media services fees \$40,000 (2017 – Nil); higher fees paid to senior management \$55,749 (2017 - \$28,500); the re-instatement of director's fees \$9,000 (2017 – Nil); legal fees \$28,434 (2017 - \$1,392); general and administrative \$83,710 (2017 - \$13,738).

2017 – Q4

During Q4 2017 the Company recorded; stock based compensation expense in the amount of \$534,435 as a result of the issuance of stock options (2016 – nil); impairment of capital assets \$201,000 as a result of the impairment of miscellaneous mill equipment still owned by the Company (2016 – Nil); shareholder indemnification recovery of \$533,913 as a result of the settlement process of the CRA re-assessment Of the Company's flow-through share obligations. The \$533,913 represents a reduction of the future expected payout relating to these obligations (2016 – nil); management and directors fees \$66,649 (2016 – a recovery of \$9,000); a deferred income tax recovery of \$463,000 (2016 – Nil).

2017 – Q3

There were no unusual items in Q3 2017.

2017 – Q2

There were no unusual items in Q2 2017.

6. LIQUIDITY

The Company has no significant revenues and no expectation of significant revenues in the near term. The cash position of the Company is reduced as exploration and overhead expenses are incurred.

The Company has working capital at March 31, 2018 of \$2,584,028 (December 31, 2017 – \$3,054,255).

7. CAPITAL RESOURCES

During Q1 2018 there were no unusual factors that affected the Company’s capital resources.

8. OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2018 and 2017, the Company did not have any off-balance sheet arrangements.

9. TRANSACTIONS WITH RELATED PARTIES

Director’s fees, professional fees and other compensation of directors and key management personnel were as follows for the three months ended March 31:

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$ | \$ |
| Short-term compensation and benefits | 64,749 | 28,500 |
| Share-based payments (stock option grants) | - | - |
| Total key management compensation | 64,749 | 28,500 |

As at March 31, 2018, accounts payable and accrued liabilities includes \$4,949 (2017 \$89,750) owing to key management personnel.

Legal fees were charged by a legal firm during the three months ended March 31, 2018, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of \$31,990 (2017 - \$1,393).

Amounts due to related parties included in accounts payable, are unsecured, non-interest bearing, and have no fixed terms of re-payment.

See notes 8(a)b. and 8(a)c.

10. EVENTS AFFECTING THE COMPANY’S FINANCIAL CONDITION

During Q1 2018 there were no unusual factors that affected the Company’s financial condition.

11. PROPOSED TRANSACTIONS

There are no proposed transactions other than normal ongoing activities.

12. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the financial statements are:

Capitalization of mining interest costs

Management has determined that exploration and evaluation costs incurred during the year have future economic benefits. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits.

Impairment of mining interests and capital assets

While assessing whether any indications of impairment exist for mining interest assets and capital assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, and economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mining interest assets. Internal sources of information include the manner in which mining interest assets and capital assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining interests, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mining interests and capital assets.

Income taxes and recoverability of potential deferred tax assets

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

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting year.

Share-based payments

Management determines the valuation of share-based payments and warrants using market-based valuation techniques. The fair value of the market-based and performance-based share awards and warrants are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and

judgment used in applying valuation techniques. These assumptions and judgments may include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, “Standards of Disclosure for Mineral Projects”, issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company’s control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management’s assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company’s financial position and results of operation.

Commitments and contingencies

Refer to Notes 6 and 9 of the Company’s March 31, 2018 consolidated financial statements.

13. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2018. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

14. FINANCIAL INSTRUMENTS

The carrying amounts for cash, accounts receivable, marketable securities and accounts payable and accrued liabilities approximate their estimated fair value due to the short term nature of these financial instruments.

Cash and amounts receivable are classified as loans and receivables and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Marketable securities are classified as available for sale financial assets and are measured at their fair value. Changes in fair value are included in other comprehensive income until the asset is removed from the statement of financial position or until impairment is assessed as other than temporary.

Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The Company's risk exposures and the impact on its financial investments, as summarized below, have not changed significantly during the period ended March 31, 2018.

Credit Risk

The Company's credit risk is primarily attributable to accounts receivable. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to the financial instrument included in amounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at March 31, 2018, the Company had current assets of \$3,054,923 (December 31, 2017 - \$3,482,564) to settle current liabilities of \$470,895 (December 31, 2017 - \$428,309). All of the Company's financial liabilities have contractual maturities that are subject to normal trade terms.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances 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 monitors its cash balances and is satisfied with the creditworthiness of its banks. As a result, the Company's exposure to interest rate risk is minimal.

Market Risk

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and all expenditures are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. As the Company's properties are in the exploration stage and to date do not contain any identified mineral resources or reserves, the Company does not hedge against commodity price risk.

Sensitivity Analysis

Management's view with respect to interest rate and foreign exchange risks is as follows:

- (i) The Company receives low interest rates on its cash and cash equivalent balances and, as such, the Company does not have significant interest rate risk.
- (ii) The Company does not have exposure to foreign exchange risk.

15. OTHER DISCLOSURES

Share Capital

Common Shares

As at March 31, 2018, and the date hereof, there were 42,034,264 common shares of the Company outstanding (December 31, 2017 – 42,034,264).



Warrants

At March 31, 2018 and the date hereof there were a total of 12,361,285 warrants outstanding (December 31, 2017 – 12,361,285).

Options

At March 31, 2018, and the date hereof, there were a total of 1,855,000 stock options outstanding (December 31, 2017 – 2,067,500).

Directors and officers of the Company

| | |
|-----------------|---|
| Robin E. Dunbar | President, Chief Executive Officer and Director |
| Nadim Wakeam | Corporate Secretary |
| Rodger Roden | Chief Financial Officer |
| Edward Munden | Director |
| Thomas Meredith | Director |

Carey Galeschuk, P.Geo, is the Qualified Person for Mustang Minerals Corp.

Additional Information

Additional information about the Company including the financial statements, press releases and other filings are available on the internet at www.sedar.com and additional supplemental information is available on the Company website at www.mustangminerals.com.