MUSTANG MINERALS CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the June 30, 2017 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 August 16, 2017.

2. PERFORMANCE

Performance highlights

The principal business of the Company is to explore and develop its properties and in particular its Mayville Makwa (Nickel-Copper- PGM) Project in Manitoba (the "Project"). The Project is located 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.

During the six months ended June 30, 2017, the Company commenced certain exploration activities including a review of the chromite potential of the Mayville PGE zone area and initial sampling of pegmatites on the Company's claims in Manitoba. The Company plans to continue to expand this work depending on the availability of working capital.

The Company continues to preserve working capital and look for ways to improve liquidity through asset sales or other means. In view of the working capital positon of the Company and in particular in light of the liabilities arising as a result of an audit by the Canada Revenue Agency (see "Canada Revenue Agency Audit" that follows), the Company's ability to continue as a going concern is in question.

The strategy of the Company going forward is to continue to manage its asset base to raise additional capital through monetization of its non-core assets. As base metals prices improve the Company will recommence development and exploration of the Mayville Makwa Project in Manitoba as well as look for other opportunities.

Sale of property interest:

During the six months ended June 30, 2017 the Company sold a non-core unpatented mining claim in Ontario for $25,000 in cash.

Chromite mineralization:

During the six months ended June 30, 2017 the Company announced it had identified chromite mineralization proximal to the previously identified PGE mineralization at its Mayville Property. Based on the initial results of the chromite analysis the Company has commenced further assaying and analysis of drill core for chromite.

Canada Revenue Agency Audit:

In November 2015, the Company received the initial results of an audit conducted by the Canada Revenue Agency ("CRA") relating primarily to Canadian Exploration Expense ("CEE") for the years 2010 to 2012 when the CEE was renounced to flow-through financing share subscribers. The CRA audit of the Company's flow-through expenditures covers the calendar years 2011, 2012 and 2013. During the three year period Mustang raised a total of approximately $9,100,000 in flow-through financings and the CEE was renounced to subscribers.

The Company announced on February 11, 2016 that CRA determined a reduction to the amount of qualifying CEE that was renounced by the Company to subscribers for the applicable years. (2010 – TIN# 42090-1, a 20.3% reduction; 2011- TIN#43326-8, a 9.3% reduction; and 2012- TIN#44284-8, a 16.7% reduction). The total reduction of CEE determined by CRA for the three years approximates $1,371,000. The Company's appeal of the CRA audit increased the allowable CEE for the 2012 tax year and lowered the CEE reduction from 16.7% to 8.2%.

As a result of the indemnification provided to flow-through subscribers, the Company has included in accounts payable and accrued liabilities an estimated provision of $1,038,637 for the expected amounts that will become payable to the subscribers of its flow-through shares. The Company will also have additional liability for Part XII.6 tax as a result of the audit estimated to be approximately $186,000 which has also been included in accounts payable. The total provided for amounts to $ $1,224,637.

In order to deal with the liability raised by the CRA audit the Company plans to issue shares and cash to the affected parties in a manner that will enable it to continue its business activities. The Company issued 1,090,875 common shares during the six months ended June 30, 2017 in partial satisfaction of the indemnification provided to the flow-through share subscribers

Performance details
Chromite mineralization:
During the six months the Company undertook 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 where the Mayville and Makwa properties are located geologically..

PGE and chromite values from the three drill holes are presented below.

Table 1: Chromite Intervals – Mayville Project (not previously reported)

Drill hole	From (meters)	To (meters)	Interval (meters)	Cr2O3 %
May11-05	31.0	34.4	3.4*	13.19
and	50.9	55.2	4.3	9.03
May11-06	99.2	100.6	1.4*	24.09
May11-07	120.6	126.5	5.9*	20.83

Table 2: PGE Intervals – Mayville Project – (previously reported March 2011)

Drill hole	From (meters)	To (meters)	Interval (meters)	Pt (g/t)	Pd (g/t)	Pt+Pd (g/t)
May11-06	31.1	38.7	7.6*	0.4	1.2	1.6
May11-07	34.1	86.0	51.9*	0.8	1.7	2.5
including	55.5	64.6	9.1	2.8	6.8	9.6

* True width of the mineralization has not been determined at this time.
May11-05 drilled at East 316508; North 5612150 Azimuth 350 deg. Dip -45 deg

May11-06 drilled at East 316621; North 5612172 Azimuth 340 deg. Dip -45 deg
May11-07 drilled at East 316621; North 5612172 Azimuth 340 deg. Dip -65 deg

The chromite values are considered geologically significant. Given the encouraging results several additional holes are being logged and assayed for chromite mineralization. Several holes drilled by Mustang on both the north limb of the BRGB (Mayville PGE Zone) and the south limb of the BRGB (Makwa area) will be evaluated for chromite and the relationship to PGE mineralization. This program will be incorporated into the planned 2017 field program – a low cost program focused on detailed mapping of surface geology for Ni-Cu-PGE-Cr mineralization and follow up of geophysical targets.

As a commodity chromite ore is mined and concentrated and then smelted into ferrochrome and used in stainless steel which typically contains ~12-18% chrome. There are a limited number of global suppliers and the manufacture of ferrochrome is energy intensive.

The geoscientific knowledge base of the BRGB has been greatly augmented by the work of the Targeted Geoscience Initiative 4 (TGI-4) and other academic work. The TGI-4 has linked the BRGB to the McFauld's Lake (Ring of Fire) and other domains in the Superior Province as a distinct metallotect prospective for Ni-Cu-PGE and PGE-Cr mineralization. The Company has posted on its website some related publications on the BRBG which are applicable to the current work being undertaken by Mustang.

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.

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 Krutzelmann, 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.

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,	2016 $	2015 $	2014 $
Interest and other income	-	-	40,501
Net loss before provision for income taxes	(287,774)	(3,241,251)	(289,059)
Net loss after provision for income taxes	(287,774)	(2,601,251)	(381,999)
Basic and diluted loss per share	0.00	0.01	0.00
Total assets	27,760,997	28,027,483	29,925,037

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 June 30, 2017 and 2016.

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Operating expenses	(60,736)	(43,191)	(101,365)	(105,056)
Impairment of capital assets	-	-	-	(172,000)
Net loss	(60,736)	(43,191)	(101,365)	(277,056)
Net loss per share	-	-	-	-
Mining interests	26,882,674	26,858,670	26,882,674	26,858,670
Total assets	27,694,281	27,768,173	27,694,281	27,768,173

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.

Expenses

The major expense items for the periods ended June 30, 2017 and 2016 are summarized as follows:

	Three months ended June 30, $		Six months ended June 30, $	
	2017	2016	2017	2016
Office, general and administrative	13,304	10,164	27,042	30,886
Management and directors fees	31,104	29,000	70,018	59,200
Professional fees	1,890	675	3,554	2,295
Gain on disposition of mining interests	-	-	(25,000)	-
Public company costs	14,263	3,151	25,401	12,244
Other	175	201	350	431
Total	60,736	43,191	101,365	105,056

Exploration and Development Expenditures

	For the three months ended June 30, 2017 $		
	Makwa	Mayville	Total
Geological	10,069	10,371	20,439
Total	10,069	10,371	20,439

	For the six months ended June 30, 2017 $		
	Makwa	Mayville	Total
Geological	16,124	18,221	34,345
Total	16,124	18,221	34,345

Significant Projects
The Company's projects are located in Manitoba; Makwa and Mayville, are located within 43 kilometers of each other.

In addition to furthering the development of the Mayville Makwa Project, the Company also plans to continue targeted exploration at its landholdings in the Makwa/Mayville project area. The Company considers the exploration potential of the Makwa/Mayville area to be favourable for the discovery of additional resources. Overall the project area has excellent infrastructure and access.

Manitoba – Makwa Property
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.

Tanco

On June 30, 2010, the Company entered into an option agreement with Tantalum Mining Corporation of Canada and has now acquired a 100% interest in the base and precious metal rights of a property located in southeast Manitoba. Pursuant to the terms of the option agreement, the Company made cash option payments totaling $45,000, and incurred expenditures of $312,600. The property is subject to a 2% NSR. During 2016 the company sold certain of the Tanco claims for $12,500, including $6,000 in cash and $6,500 in shares of Pacific North West Capital Corp.

Other Mineral Interests

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

5. SUMMARY OF QUARTERLY RESULTS

Selected financial information for the last 8 fiscal quarters:

	2017 Q2	2017 Q1	2016 Q4	2016 Q3
	$	$	$	$
(a) Net Income (loss)	(60,736)	(40,629)	(16,422)	5,704
(b) Basic and diluted loss per share	0.00	0.00	0.00	0.00

	2016 Q2	2016 Q1	2015 Q4	2015 Q3
	$	$	$	$
(a) Net income (loss)	(43,191)	(233,865)	(2,475,019)	(57,775)
(b) Basic and diluted loss per share	0.00	0.00	0.01	0.00

Comments on quarterly results

2017 – Q2

There were no unusual items in Q2 2017.

2017 – Q1

During Q1 the Company recorded Nil (2016 – $172,000) impairment of capital assets.

2016 – Q4

There were no unusual items in Q4 2016. Unusual items in Q4 2015 include the following; impairment of capital assets $1,817,410 (2016 – Nil); shareholder indemnification charge $1,241,000 (2016 – Nil); Deferred income tax recovery $640,000 (2016 – Nil).

2016 – Q3
During Q3 the Company sold non-core claims in Manitoba and Ontario for $62,000 payable in cash and stock that gave rise to a $50,000 gain on disposition.

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 reduced compensation levels and will continue to closely monitor its levels of activity with a focus on preserving cash.

The Company has a working capital deficit at June 30, 2017 of $743,291 (December 31, 2016 – working capital deficit of $631,760). The Company is attempting to manage the working capital deficiency by settling the liabilities owed due to the CRA audit over time through issuance of cash and common shares of the Company (see Subsequent Events). Additional issues of equity or sale of assets will be required to restore a better working capital position of the Company.

7. CAPITAL RESOURCES
During fiscal 2016, the Company sold most of its mill equipment for net proceeds of $674,000. The Company is not committed to any material capital expenditures at June 30, 2017, or to the date of this MD&A.

In order for the Company to maintain its properties in good standing there are certain lease, option and property acquisition costs it will have to incur, as well as other commitments it has to fulfill, all as disclosed in Notes 6 and 9 to the Company's June 30, 2017 financial statements. Any cash outlays required will be met from existing working capital and funding provided by capital markets or other industry partners.

8. OFF-BALANCE SHEET ARRANGEMENTS
As at June 30, 2017 and 2016, 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 six months ended June 30:

	2017	2016
	$	$
Short-term compensation and benefits	57,000	57,000
Share-based payments	-	-

As at June 30, 2017, accounts payable and accrued liabilities includes $111,633 (2016 - $57,605) owing to key management personnel.

Legal fees were charged by a legal firm during the period ended June 30, 2017, of which an officer of the Company is an employee, for legal and corporate secretarial services in the amount of $3,709 (2016 - $2,593).

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

10. EVENTS AFFECTING THE COMPANY'S FINANCIAL CONDITION
In view of the sustained downturn in the sector, low commodity prices, the Company's current working capital position and the liabilities arising as a result of an audit by the Canada Revenue Agency, the Company's ability to continue as a going concern is in question.

11. PROPOSED TRANSACTIONS

There are no proposed transactions except as disclosed herein.

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 June 30, 2017 consolidated financial statements.

13. RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after July 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. 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 accounts 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 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 June 30, 2017.

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 accounts receivable is remote.

Liquidity Risk

The Company's main source of liquidity is derived from its common stock issuances. As at June 30, 2017, the Company had current assets of $608,205 (December 31, 2016 - $708,916) to settle current liabilities of $1,351,496 (December 31, 2016 - $1,340,676). 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 June 30, 2017, and the date hereof, there were 257,566,176 and 258,144,783 common shares respectively of the Company outstanding (December 31, 2106 – 256,475,301).

Warrants

There were a total of Nil warrants outstanding at June 30, 2017 (December 31, 2016 – Nil), and the date hereof.

Options

At June 30, 2017, and the date hereof, there were a total of 2,125,000 (December 31, 2016 – 2,125,000) stock options outstanding.

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.

"*Robin E Dunbar*"
President and Chief Executive Officer