



MONGOOSE
MINING LTD

Management Discussion and Analysis

For the Period from Date of Incorporation January 16, 2019 to December 31, 2019
(In Canadian Dollars)

Mongoose Mining Ltd.

Management Discussion and Analysis

For the Period from Date of Incorporation January 16, 2019 to December 31, 2019

The Management Discussion and Analysis (“MD&A”), prepared February 21, 2020 should be read in conjunction with the financial statements and notes thereto for the period ended December 31, 2019 and the notes of Mongoose Mining Ltd. (“Mongoose”) which were prepared in accordance with International Financial Reporting Standards.

Description of Business

Mongoose Mining Ltd. (“the Company”) was incorporated on January 16, 2019 under the laws of British Columbia. The Company’s principal place of business is located at 215 Edward Street, Victoria, British Columbia, V9A 3E4.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at December 31, 2019, the Company had not yet determined whether the Company’s mineral property asset, the Chu Chua Gold Property (the “Gold Property”), contains ore reserves that are economically recoverable.

On November 28, 2019, the Company completed its Initial Public Offering (the “IPO”) (note 5) and subsequently started trading of the Common Shares on the Canadian Stock Exchange (the “CSE”) under the symbol “MNG”.

Highlights

- The Company closed its IPO on November 28, 2019, resulting in 3,178,000 common shares being issued for gross proceeds of \$317,800.
- During the period ended December 31, 2019, the Company spent approximately \$27,000 on a field exploration and report preparation program for the Gold Property.
- The Company obtained a Free Miner Certificate which will enable the Company to stake additional lands.

Chu Chua Gold Property Project

| | Acquisition Costs | Exploration Costs | Total |
|----------------------------------|----------------------|----------------------|------------------|
| Opening balance | \$ - | \$ - | \$ - |
| Additions | 18,526 | 25,854 | 44,480 |
| Balance December 31, 2019 | \$ 18,526 | \$ 25,854 | \$ 44,480 |

Chu Chua Gold Property

Pursuant to an option agreement (the “Agreement”) dated January 24, 2019, the Company was granted an option to acquire a 100% undivided interest in the Gold Property located in the Kamloops Mining District of British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Gold Property by issuing a total of 600,000 common shares of the Company to the optionors and making a deposit payment of \$7,500. The cash payment was made upon execution of the agreement and 100,000 common shares were issued on November 28, 2019,

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the date the Company's common shares were listed, posted and called for trading on the Canadian Securities Exchange ("CSE").

In accordance with the Agreement, the Company is required to spend a minimum of \$25,000 in expenditures that will qualify for assessment work to be recorded against the Gold Property before September 1, 2019.

In order to completely exercise the option, the Company must pay the optionors the aggregate sum of \$557,500, which includes the \$7,500 deposit, in instalments, issue the aggregate sum 600,000 common shares, which includes the 100,000 already issued, and complete \$625,000 in qualifying expenditures by the fourth anniversary, November 28, 2023 of the Listing Date, in accordance with the following schedule:

| Date | Shares | Cash Payments | Expenditures |
|---|----------------|----------------------|---------------------|
| On signing | - | \$ 7,500 | - |
| Listing Date | 100,000 | - | - |
| September 1, 2019 | - | - | \$ 25,000 |
| 1 st Anniversary of Listing Date | 100,000 | - | - |
| 2 nd Anniversary of Listing Date | 100,000 | \$ 20,000 | \$ 100,000 |
| 3 rd Anniversary of Listing Date | 100,000 | \$ 30,000 | \$ 100,000 |
| 4 th Anniversary of Listing Date | 200,000 | \$ 500,000 | \$ 400,000 |
| Total | 600,000 | \$ 557,500 | \$ 625,000 |

The Company has the right to terminate the Agreement by giving thirty days' written notice of such termination.

The optionors retain a 2% Net Smelter Return royalty on the Gold Property. The Company has the right to purchase the first 1% of the royalty for \$1,000,000 at any time prior to the commencement of commercial production.

During the period ended December 31, 2019, the Company's option obligations of; \$25,000 expenditures required by September 1, 2019: payment of \$7,500 cash, and; 100,000 shares being issued were all performed

Selected Annual Information

| | December 31, 2019 |
|----------------------------------|-------------------|
| Revenue | \$ 0 |
| Net Loss | (\$ 203,616) |
| Basic and Diluted Loss Per Share | (\$ 0.04) |
| Total Assets | \$ 432,215 |
| Long-Term Debt | \$ 0 |

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Operations

During the period from the date of incorporation January 16, 2019 to December 31, 2019, the Company reported a net loss of \$203,616. Included in the determination of operating loss was \$46,000 on legal fees related to the incorporation of the Company and corporate matters, \$26,000 in audit fees, \$18,500 on professional fees relating to the 43-101 technical report the Company commissioned, \$20,000 on listing fees and \$84,000 on share-based compensation.

Summary of Quarterly Results

| | Three months ended December 31, 2019 | Three months ended September 30, 2019 | Three months ended June 30, 2019 | January 16, 2019 to March 31, 2019 |
|--|---|--|--|--|
| Revenue | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Net Loss | (\$ 100,888) | (\$ 10,380) | (\$ 35,902) | (\$ 55,061) |
| Basic and Diluted Loss Per Share | (\$ 0.02) | (\$ 0.00) | (\$ 0.01) | (\$ 0.02) |
| Total Assets | \$ 432,815 | \$ 256,498 | \$246,354 | \$273,615 |
| Long-Term Debt | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

Deferred Income Tax

The Company has not recognized any deferred income tax assets as the Company has deemed it is not probable that the asset will be realized at this time. The Company will recognize deferred income tax assets when it is probably there will be sufficient taxable income in future periods to utilize the deferred tax assets.

Liquidity and Capital Resources

The Company's cash at December 31, 2019 was \$380,918. At December 31, 2019, the Company had positive working capital of \$372,466.

Share Capital

As at December 31, 2019 and the date of this MD&A, the Company had 9,278,000 common shares outstanding, 927,800 stock options outstanding and 317,800 warrants outstanding.

At incorporation, the Company issued 6,000,000 common shares at \$0.05 per common share for total proceeds of \$300,000.

On November 28, 2019, the Company completed an IPO for which it issued 3,178,000 common shares at a price of \$0.10 per common share for gross proceeds of \$317,800, all pursuant to the final prospectus dated September 6, 2019. In connection with the IPO, the Company incurred legal fees of \$34,558, cash commission of \$31,780, a corporate finance fee of \$25,000

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and issued 317,800 Agent warrants that entitle the warrant holder to acquire one common share of the Company at an exercise price of \$0.10 for a period of 24 months. A value of \$23,000 was estimated for the 317,800 warrants on the date of grant using Black-Scholes option pricing model (note 7).

1,200,000 common shares are held in escrow until completion of the listing of the Company's shares on the CSE. 10% of the common shares held in escrow will be released on the issuance of the listing date and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release. At December 31, 2019, there are 1,080,000 common shares held in escrow.

On November 28, 2019, the Company granted 927,800 stock options to its directors and officers at an exercise price of \$0.10 per option. The options vested immediately and have a five-year term.

On November 28, 2019, the Company issued 317,800 Agent warrants at an exercise price of \$0.10 per warrant as part of the agent compensation with respect to the Company's IPO. The warrants vested immediately and have a two-year term. The fair value of the warrants was estimated to be \$23,000 which was recorded as warrants with a corresponding decrease in share capital.

Subsequent to December 31, 2019, 25,000 Agent warrants were exercised for gross proceeds of \$2,500.

As of the date of this MD&A, there are 9,303,000 common shares, 917,800 stock options and 292,800 Agent warrants issued and outstanding.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. However, the Company may routinely evaluate various business development opportunities.

Related Party Transactions

During the period ended December 31, 2019, Arif Shivji, a director of the Company, loaned the Company \$12,500 to cover initial costs, which was a non-interest bearing loan without any fixed repayment terms. The loan was repaid by Company during the period.

Key management personnel consist of officers and directors of the Company. Other than stock options granted, no compensation was paid to key management personnel during the period.

Transactions with related parties are incurred in the normal course of business.

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Trends

The Company is a mineral exploration company, focused on the exploration and acquisition of mineral exploration properties.

The Company's future performance and financial success is largely dependant on whether the Company can discover mineralization and the economic viability of developing the Company's properties. The Company has not produced any revenues to date. The sales value of any minerals discovered by the Company is dependent on several factors that are not within the Company's control, such as the market value of the commodities produced.

Global economic conditions at this time are volatile and the Company foresees this to continue, reflecting ongoing concerns over the global economy. There are also uncertainties regarding commodity prices and the availability of financing for the purposed of exploration and development. The Company's future performance is connected to the development of its current assets and the overall global financial market. The Company strategy to mitigate this risk is to seek out prospective resource properties to acquire while monitoring the global economy.

Apart from these and risk disclosed in the Company's financial statements, the Company is not aware of any trends, commitments, events or uncertainties that would have a material impact on the Company's business, financial condition or operations.

Significant Accounting Policies

The accounting policies set out below have been applied in these interim financial statements.

a) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

(i) Classification and measurement

The Company measures its financial assets and financial liabilities at fair value on initial recognition, which is typically the transaction price unless a financial instrument contains a significant financing component. Subsequent measurement is dependent on the financial instrument's classification which in the case of financial assets, is determined by the context of the Company's business model and the contractual cash flow characteristics of the financial asset. Financial assets are classified into two categories: (1) measured at amortized cost and (2) fair value through profit and loss ("FVTPL"). Financial liabilities are subsequently measured at amortized cost, other than financial liabilities that are measured at FVTPL or designated as FVTPL where any change in fair

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value resulting from an entity's own credit risk is recorded as other comprehensive income ("OCI").

The Company's non-derivative financial instruments are comprised of cash, advances from related party and accounts payable and accrued liabilities. Non-derivative financial instruments are recognized initially at fair value except in the case of financial assets or liabilities measured at amortized cost which are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

The Company has classified cash as fair value through profit or loss and these financial assets are measured at fair value with changes in fair value recognized in profit or loss.

The Company has classified advances from related party's and accounts payable and accrued liabilities as financial instruments measured at amortized cost. The contractual cash flows received from the financial assets are solely payments of principal and interest and are held within a business model whose objective is to collect the contractual cash flows. These financial assets and financial liabilities are subsequently measured at amortized cost using the effective interest method.

ii) Equity instruments

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

iii) Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than debt instruments measured at fair value through profit or loss and equity investments. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach for accounts receivable which do not contain a significant financing component. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts or requests to restructure payment schedules. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses, if any, are presented in the statement of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

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b) Fair value determination

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining the fair values is disclosed in the notes specific to that asset or liability.

The Company classifies the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instruments:

- Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The carrying value of cash, accounts receivable, advances from related party and accounts payable and accrued liabilities approximates its fair value due to their short-term to maturity.

c) Foreign currency

Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss.

d) Cash

Cash includes amounts on deposit with banks.

e) Exploration and evaluation assets

The Company capitalizes the direct costs of acquiring and maintaining mineral property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. From time to time, the Company acquires and disposes of mineral property interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, are recorded as mineral property costs (recoveries) when payments are made or received until the original cost is recovered and after which subsequent recoveries are charged to the statements of loss and comprehensive loss. Ownership in mineral property interests involves certain inherent risks due to the difficulties of determining and obtaining clear title

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to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties.

Management annually assesses carrying values of non-producing properties and exploration and evaluation assets for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of exploration and evaluation assets is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is recognized as share-based payment expense, with a corresponding increase in equity, over the vesting period, based on the Company's estimates of equity instruments that will eventually vest. At the end of reporting period, the Company revises its estimate of the number of equity instruments, expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transaction with parties other than employees are measured at the fair value of the good or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the good or counterparty renders the service.

g) Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing the earnings (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per common share amounts are calculated by giving effect to the potential

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dilution that would occur if contracts to issue common shares were exercised, fully vested, or converted to common shares. The treasury stock method is used to determine the dilutive effect of dilutive instruments. The treasury stock method assumes that the proceeds received from the exercise price of in-the-money dilutive instruments are used to repurchase common shares.

h) Taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

i) Provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-

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production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) Issuance Costs

Issuance costs directly related to issuance of share capital are charged as a reduction against share capital. Costs incurred for shares not yet issued are recorded as deferred finance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to profit (loss) if the shares are not issued.

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Forward-Looking Statements

This document contains certain forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause them to differ materially from those stated, anticipated or implied. Such forward-looking statements necessarily involve risks including, without limitation, those associated with mining exploration, property development, production, marketing and transportation, such as loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, production declines, health, safety and environmental risks, competition from other producers and the ability to access sufficient capital from internal and external sources. Forward-looking information typically includes statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project”, or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company’s securities not to place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Forward-looking information typically involves substantial known and unknown risks and uncertainties, certain of which are beyond the Company’s control. Such risks and uncertainties include, without limitation: financial risk of marketing reserves at an acceptable price given market conditions; volatility in market prices; delays in business operations; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating gold reserves; risks and uncertainties related to oil and gas interests and operations on aboriginal lands; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and exploration and development programs; unexpected geological, technical, drilling, construction, processing and transportation problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; changes in income tax laws; and other factors, many of which are outside the Company’s control. The Company’s actual results, performance or achievements could, therefore, differ materially from those expressed in, or implied by, these forward-looking estimates and whether or not any such actual results, performance or achievements transpire or occur, there can be no certainty as to what benefits or detriments the Company will derive therefrom.

The forward-looking information included herein is expressly qualified in its entirety by this cautionary statement. It is made as of the date hereof and the Company assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

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Corporate Information

BOARD OF DIRECTORS

JOHN VAN DRIESUM

Victoria, British Columbia

KELLY McDONALD

Calgary, Alberta

ARIF SHIVJI

Victoria, British Columbia

OFFICERS

JOHN VAN DRIESUM

Chief Executive Officer

CHRIS ALLCHORNE

Chief Financial Officer

HEAD OFFICE

215 Edward Street
Victoria, British Columbia
V9A 3E4

LEGAL COUNSEL

DLA Piper (Canada) LLP
Calgary, Alberta

AUDITORS

MNP
Calgary, Alberta

BANKERS

Scotiabank
Calgary, Alberta