



Financial Statements

**For the period from Incorporation on January 16, 2019 to December 31, 2019
(In Canadian Dollars)**

Independent Auditor's Report

To the Shareholders of Mongoose Mining Ltd.:

Opinion

We have audited the financial statements of Mongoose Mining Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from January 16, 2019 (date of incorporation) to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and its financial performance and its cash flows for the period from January 16, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brad Frampton.

Calgary, Alberta

February 21, 2020

MNP LLP

Chartered Professional Accountants

MNP

Mongoose Mining Ltd.
Statement of Financial Position
As at December 31,
(amounts in Canadian dollars)

2019

Assets

Current Assets

Cash	\$ 380,918
Sales tax recoverable	5,904
Prepays and deposits	1,013

Total Current Assets 387,835

Exploration and evaluation asset (note 4) 44,380

Total Assets \$ 432,215

Liabilities

Current Liabilities

Accounts payable and accrued liabilities	\$ 15,369
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Total Liabilities 15,369

Shareholders' Equity

Share capital (note 5) 513,462

Contributed surplus (note 6) 84,000

Warrants (note 7) 23,000

Deficit (203,616)

Total Shareholders' Equity 416,846

Total Liabilities and Shareholders' Equity \$ 432,215

Nature of operations (note 1)

Commitments (note 4)

The accompanying notes are an integral part of these financial statements

Approved by the Board:

signed "Arif Shivji"

Director

signed "Kelly McDonald"

Director

Mongoose Mining Ltd.
Statement of Loss and Comprehensive Loss
(amounts in Canadian dollars)

**Period from
Incorporation on
January 16, 2019
to December 31,
2019**

Expenses	
Professional fees	\$ 71,610
Consulting	18,403
Office and administrative	5,490
Insurance	4,587
Listing fees	19,526
Share-based compensation (note 6)	84,000
Total Expenses	203,616
Net Loss and Comprehensive Loss	\$ (203,616)

Weighted average number of common shares outstanding (note 5(iv))

– basic & diluted 5,017,117

Loss per share

– basic & diluted \$ (0.04)

The accompanying notes are an integral part of these financial statements

Mongoose Mining Ltd.
Statement of Changes in Shareholders' Equity
For the period from Incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

	Share Capital	Contributed Surplus	Warrants	Deficit	Total Shareholders' Equity
Balance, January 16, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of common shares (note 5)	300,000	-	-	-	300,000
Initial public offering (note 5)	317,800	-	-	-	317,800
Share issuance cost (note 5 and note 7)	(114,338)	-	23,000	-	(91,338)
Shares issued for ChuChua Property (note 4 and note 5)	10,000	-	-	-	10,000
Share-based compensation (note 6)	-	84,000	-	-	84,000
Net loss and comprehensive loss	-	-	-	(203,616)	(203,616)
Balance, December 31, 2019	\$ 513,462	\$ 84,000	\$ 23,000	\$ (203,616)	\$ 416,846

The accompanying notes are an integral part of these financial statements

Mongoose Mining Ltd.
Statement of Cash Flows
(amounts in Canadian dollars)

	Period from incorporation on January 16, 2019 to December 31, 2019
Operating activities:	
Net loss and comprehensive loss	\$ (203,616)
Items not affecting cash:	
Share-based compensation	84,000
Changes in non-cash working capital:	
Sales tax recoverable	(5,904)
Prepays and deposits	(1,013)
Accounts payable and accrued liabilities	15,369
Cash used in operating activities	(111,164)
Investing activities:	
Exploration and evaluation asset expenditures (note 4)	(34,380)
Cash used in investing activities	(34,380)
Financing activities:	
Proceeds from issuance of common shares (note 5)	617,800
Share issuance costs (note 5)	(91,338)
Advances from related party (note 10)	12,500
Repayment of advances from related party (note 10)	(12,500)
Cash from financing activities	526,462
Net increase in cash	380,918
Cash, at beginning of period	-
Cash, end of period	\$ 380,918

The accompanying notes are an integral part of these financial statements

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

1. Nature of Operations

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 of December 31, 2019, the Company had not yet determined whether the Company’s mineral property asset contains reserves that are economically recoverable.

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

2. Basis of presentation

Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) in effect as of January 16, 2019.

These financial statements were approved and authorized for issuance by the Board of Directors on February 21, 2020.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except as otherwise allowed for in accordance with IFRS.

Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

2. Basis of presentation and significant estimates and judgments *(continued)*

Significant Accounting Estimates and Judgments *(continued)*

Significant accounting estimates

- (i) The assessment of indications of impairment of the exploration and evaluation asset and related determination of the recoverable amount value and write-down of the exploration and evaluation asset where applicable;
- (ii) The amounts recorded for current and deferred tax expense and deferred tax assets and liabilities are based on estimates as to the timing of the reversal of temporary differences, substantially enacted tax rates and the likelihood of tax assets being realized. The availability of tax pools and other deductions are subject to audit and interpretation by tax authorities; and;
- (iii) Share-based compensation and warrant valuation is subject to the estimation of the fair value of the award at the date of grant using the Black-Scholes pricing model which is based on significant assumptions such as volatility, dividend yield, expected term and forfeitures.

Significant accounting judgments

- (i) Exploration and evaluation assets: Certain exploration and evaluation costs are initially capitalized with the intent to establish commercially viable reserves. The Company is required to make judgments about future events and circumstances and applies judgement to assess the economic viability of extracting the underlying resources. The costs are subject to technical, commercial and management review to confirm the continued intent to develop the project. Level of drilling success, or changes to project economics, resource quantities, expected production techniques, production costs and required capital expenditures, are important judgments when making this determination;
- (ii) The evaluation of the Company's ability to continue as a going concern is dependent on its ability to raise financing to further explore and develop its exploration and evaluation assets to achieve profitable operations. Certain judgements are utilized when making the determination on the Company's ability to achieve its plans;
- (iii) The Company records share-based payments based on management's judgement of the expected exercise date of options; and,
- (iv) Management's determination of no material restoration, rehabilitation and environmental exposure is based on the facts and circumstances that existed during the period.

3. Significant Accounting Policies

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

3. Significant Accounting Policies *(continued)**(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 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.

3. Significant Accounting Policies *(continued)*

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.

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

3. Significant Accounting Policies *(continued)*

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 estimate of equity instruments that will eventually vest. At the end of each 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 transactions with parties other than employees are measured at the fair value of the goods 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 goods or the 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 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.

3. Significant Accounting Policies *(continued)***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-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.

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

3. Significant Accounting Policies (continued)

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.

4. Exploration and Evaluation Asset

	Acquisition Costs	Exploration Costs	Total
Opening balance	\$ -	\$ -	\$ -
Additions	18,526	25,854	44,380
Balance December 31, 2019	\$ 18,526	\$ 25,854	\$ 44,380

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 Chu Chua 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 Chu Chua 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, 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 was required to spend a minimum of \$25,000 in expenditures that will qualify for assessment work to be recorded against the Chu Chua Gold Property before September 1, 2019.

In order to exercise the option, the Company shall pay the optionor the aggregate sum of \$557,500, which includes the \$7,500 deposit, and will be paid in instalments, issue 600,000 common shares and complete \$625,000 in qualifying expenditures by the fourth anniversary, November 28, 2023, of the initial public offering date ("Listing Date"), in accordance with the following schedule:

Date	Shares	Cash Payments	Expenditures
Signing Date	-	\$ 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

During the period ended December 31, 2019, the \$25,000 of expenditures required by September 1, 2019 was incurred and the \$7,500 cash was paid and 100,000 shares were issued.

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

4. Exploration and Evaluation Asset *(continued)*

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 Chu Chua 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.

5. Share Capital

- a) Authorized
Unlimited common shares
- b) Issued

	Number	Stated Value
Issuance of common shares at \$0.05 each (i)	6,000,000	\$ 300,000
Initial public offering (ii)	3,178,000	203,462
Shares issued for ChuChua Property (note 4)	100,000	10,000
Balance, December 31, 2019	9,278,000	\$ 513,462

- (i) At incorporation, the Company issued 6,000,000 common shares at \$0.05 per common share for total proceeds of \$300,000.
- (ii) 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 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).
- (iii) 1,200,000 common shares were 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.
- (iv) In the calculation of loss per share, all warrant and options were excluded from the diluted loss per share calculations as their effect is anti-dilutive.

6. Stock Options

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Under the Plan, options may have up to a ten-year term and are non-transferable, however it is anticipated that options granted will likely have a five-year term. Unless otherwise determined by the Board of Directors, options vest immediately upon granting. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the CSE at the time of the grant.

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

6. Stock options (continued)

A summary of the stock options issued and outstanding as at December 31, 2019 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 16, 2019	-	\$ -
Issued (i)	927,800	0.10
Balance, December 31, 2019	927,800	\$ 0.10

The weighted average contractual terms for all outstanding options are December 31, 2019 is 4.91 years and all options are exercisable.

- (i) 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.

For the period ended December 31, 2019, the Company recorded share-based compensation of \$84,000 with a corresponding increase to contributed surplus.

The fair value of the stock options issued and granted were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Number of options	927,800
Exercise price (\$/option)	\$ 0.10
Stock price on grant date	\$ 0.10
Expected life (years)	5.0
Risk-free interest rate	1.51%
Expected volatility	150%
Option fair value (per option)	\$ 0.09
Estimated forfeiture rate	0%
Expected dividend yield	0%

A forfeiture rate of 0% was used when recording share-based compensation as it is expected that all officers and directors will continue with the Company over the vesting period, and or, all options will be exercised. Stock price on date of grant was determined by the price of Common Shares issued on the date of grant and based on publicly available information. Expected volatility was determined based on an average of volatilities of similar publicly traded entities in Company's peer group.

7. Warrants

A summary of the warrants issued and outstanding as at December 31, 2019 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 16, 2019	-	\$ -
Issued (i)	317,800	0.10
Balance, December 31, 2019	317,800	\$ 0.10

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

7. Warrants (continued)

- (i) On November 28, 2019, the Company issued 317,800 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.

The fair value of the warrants issued and granted were estimated on the date of grant using the Black-Scholes pricing model with the following weighted average assumptions:

Number of warrants	317,800
Exercise price (\$/warrant)	\$ 0.10
Stock price on grant date	\$ 0.10
Expected life (years)	2.0
Risk-free interest rate	1.51%
Expected volatility	150%
Warrant fair value (per warrant)	\$ 0.07
Estimated forfeiture rate	0%
Expected dividend yield	0%

A forfeiture rate of 0% was used when recording warrants as it is expected that all warrants will be exercised by the agent. Stock price on date of grant was determined by the price of Common Shares issued on the date of grant and based on publicly available information. Expected volatility was determined based on an average of volatilities of similar publicly traded entities in Company's peer group.

8. Taxes

The amount for deferred tax in the financial statements results from applying the combined federal and provincial tax rates to the Company's income before taxes as follows:

	2019
Loss before taxes	\$ (203,616)
Combined federal and provincial tax rate	26.5%
Expected tax recovery	(53,960)
Share-based compensation	22,260
Deferred tax benefits not recognized	31,700
Income tax recovery	\$ -

Mongoose Mining Ltd.

Notes to the Interim Financial Statements

For the period from incorporation on January 16, 2019 to December 31, 2019
(amounts in Canadian dollars)

8. Taxes (continued)

As at December 31, 2019, the Company's unrecognized deductible temporary differences are as follows:

	Balance, January 16, 2019	Recognized in income	Items not recognized in income	Balance, December 31, 2019
Exploration and evaluation assets	\$ -	\$ 11,800	\$ -	\$ 11,800
Canadian exploration expenses	-	(11,800)	-	(11,800)
Non-capital loss carryforwards	-	(37,800)	-	(37,800)
Share issuance costs	-	6,100	(30,300)	(24,200)
Deferred tax not recognized	-	31,700	30,300	62,000
	\$ -	\$ -	\$ -	\$ -

The non-capital loss carryforward balance is available to reduce future years' income for tax purposes. These losses, if not fully utilized, will expire in 2039.

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

9. Financial Risk Management Objectives and Policies

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Company does not have any externally imposed capital requirements to which it is subject. The Company includes shareholders' equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund sourcing and exploration of its resource property. Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure to credit risk relates to cash on deposit with Canadian chartered banks and undeposited funds. The Company manages credit exposure of cash by selecting financial institutions with high credit ratings.

9. Financial Risk Management Objectives and Policies *(continued)*

Market risk

Market risk is the risk that changes in market conditions, such as foreign exchange rates and interest rates, will affect the Company's cash flow, income or the value of its financial instruments. The objective of the Company's market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return. The Company's policies for managing foreign currency risk and interest rate risk are as follows:

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not sell or transact in any foreign currency or have assets or liabilities denominated in a foreign currency, as such the Company does not have foreign currency risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's exposure to interest rate risk is a result of interest earned on its bank deposits which is insignificant.

Liquidity risk

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

The Company has cash of \$380,918 with which to settle obligations of \$15,369.

10. Related Party Transactions

During the period ended December 31, 2019, a director of the Company loaned the Company \$12,500 to cover initial costs. The loan was a non-interest bearing and 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.