

**MONGOOSE MINING LTD.**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JUNE 15, 2021**

**NOTICE OF MEETING AND  
MANAGEMENT PROXY AND INFORMATION CIRCULAR**

**IN RESPECT OF THE REVERSE TAKE-OVER INVOLVING THE ACQUISITION OF  
THE OUTSTANDING SECURITIES OF SPARK MINERALS INC.**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED  
IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF MONGOOSE  
MINING LTD. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL  
MEETING OF SHAREHOLDERS OF MONGOOSE MINING LTD. TO BE HELD ON TUESDAY,  
JUNE 15, 2021.*

**TO BE HELD AT:**

**Livingston Place  
900 - 222 3rd Avenue S.W.  
Calgary, Alberta T2P 0B4**

**at 1:00 p.m.(Calgary Time)**

**Dated: May 16, 2021**

**MONGOOSE MINING LTD.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 15, 2021**

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Mongoose Mining Ltd. (the “**Company**”) will be held at Livingston Place , 900-222 3rd Avenue S.W., Calgary, Alberta T2P 0B4, at 1:00 p.m. (Calgary Time), on Tuesday, June 15, 2021 for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended December 31, 2020 and the report of the auditor thereon;
2. to elect the current directors of the Company (the “**Current Slate**”) to serve from the close of the Meeting until the earlier of: (i) the close of the next annual meeting of shareholders of the Company or until their successors are elected or appointed; and (ii) a time determined by the Current Slate, such time to be (x) no earlier than the time of completion of the transaction between Mongoose and Spark Minerals Inc. (“**Spark**”) shareholders (the “**Transaction**” or “**Proposed Transaction**”) and (y) not later than one business day following the date of completion of the Proposed Transaction, and, if no such determination is made by the Current Slate, such determination will be deemed to have been made and the time deemed to be determined shall be the effective time of the Proposed Transaction (any such determined time, the “**Change of Board Time**”), as more fully described in the management information circular (the “**Management Information Circular**”) accompanying this Notice;
3. to elect the directors of the Company to serve from the Change of Board Time until the close of the next annual meeting of shareholders of the Company or until their successors are elected or appointed (the “**New Slate**”), as more fully described in the Management Information Circular;
4. to appoint the auditor of the Company for the ensuing year and to authorize the board of directors of the Company to fix the auditor’s remuneration;
5. to consider and, if thought fit, approve, with or without variation, an ordinary resolution (the “**Acquisition Resolution**”), as set forth in the accompanying Management Information Circular, authorizing and approving the acquisition of all the issued and outstanding common shares of Spark Minerals Inc. (“**Spark**” or “**Privco**”), as provided for in and subject to the conditions set out in the share exchange agreement (the “**Share Exchange Agreement**”) dated March 17, 2021, as amended, between Mongoose and Spark shareholders (the “**Transaction**” or “**Proposed Transaction**”); and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The board of directors of the Company has fixed the record date for the Meeting at the close of business on Friday, April 16, 2021 (the “**Record Date**”). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the Record Date, unless any such Shareholder transfers such Shareholder’s Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

**Note of Caution Concerning the COVID-19 Outbreak**

Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by the Government of Alberta and taking into account the health and safety of our employees, Shareholders, service providers and other stakeholders, **the Company strongly encourages Shareholders NOT to attend the Meeting in person. The Company strongly encourages Shareholders to vote by proxy on the internet, rather than attending the Meeting in person.** To this end, only registered Shareholders and proxyholders will be permitted to attend the Meeting in person. Further restrictions with regard to the Meeting may be implemented by the Company as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Company may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by

applicable health authorities. These measures may include requiring registered Shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Canada for a period of two weeks preceding the Meeting date. The Company reserves the right to refuse admission to a Shareholder or proxyholder seeking to attend the Meeting if the Company believes the Shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions. **THE COMPANY MAY LIMIT ATTENDEES AS REQUIRED BY MASS GATHERING RESTRICTIONS IMPLEMENTED BY THE GOVERNMENT OF ALBERTA AT THE TIME OF THE MEETING.** In addition, any attendees will be required to practice social distancing at the Meeting.

In order to permit Shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- North America Toll-Free: 1 877 234 4610
- Local (Calgary): 403 269 5197
- Participant Conference Access code: 4872953 #

**Shareholders will not be able to vote through the conference call;** however, there will be a question and answer session following the termination of the formal business of the Meeting during which Shareholders attending the conference call can ask questions.

**As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Company may adjourn or postpone the Meeting. The Company will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.**

DATED this 16<sup>th</sup> day of May 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed)*

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John van Driesum  
Chief Executive Officer and Director

**IMPORTANT**

**It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and return it as soon as possible in accordance with the options indicated. A proxy will not be valid unless it is deposited with our transfer agent Odyssey Trust Company, (i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of proxy); (ii) by online submission at <https://login.odysseytrust.com/pxlogin> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company, at 1230, 300 - 5<sup>th</sup> Avenue SW, Calgary, AB T2P 3C4. All instructions are listed in the enclosed form of**

**proxy. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or postponement thereof. Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk.**

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Management Information Circular includes certain statements and information that constitute “forward-looking statements”, and “forward-looking information” under applicable securities laws (“**forward-looking statements**” and “**forward-looking information**” are collectively referred to herein as “**forward-looking statements**”, unless otherwise stated). Forward-looking statements appear in a number of places in this Management Information Circular and include statements and information regarding the intent, beliefs or current expectations of the Company’s officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Management Information Circular, words such as “believe”, “anticipate”, “estimate”, “project”, “intend”, “expect”, “may”, “will”, “plan”, “should”, “would”, “contemplate”, “possible”, “attempts”, “seeks” and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company’s future outlook and anticipated events or results and may include statements regarding the Company’s future business strategy, plans and objectives. The Company has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements were derived utilizing numerous assumptions, and while the Company considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, you are cautioned to not put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

Forward-looking statements speak only as of the date such statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If the Company updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. You should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this Management Information Circular are expressly qualified in their entirety by this cautionary statement.

## **INFORMATION CONCERNING THE TARGET COMPANY**

The information contained or referred to in this document relating to Spark has been furnished by Spark. In preparing this document, Mongoose relied upon Spark to ensure that the Management Information Circular contains full, true and plain disclosure of all material facts relating to Spark. Although Mongoose has no knowledge that would indicate that any statements contained herein concerning Spark are untrue or incomplete, neither Mongoose nor any of its respective directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Spark to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

**MONGOOSE MINING LTD. MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF MONGOOSE MINING LTD.** (the “Company”) of proxies from the holders of common shares (“Common Shares”) for the annual general and special meeting of the shareholders of the Company (the “Meeting”) to be held on Tuesday, June 15, 2021 at 1:00 p.m. (Calgary time) at Livingstone Place , 900-222 3rd Avenue S.W., Calgary, Alberta T2P 0B4, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“Notice of Meeting”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to Beneficial Shareholders (as defined below) held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Company and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Company. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A proxy will not be valid unless it is deposited with our transfer agent Odyssey Trust Company(i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of proxy); (ii) by online submission at <https://login.odysseytrust.com/pxlogin> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company, at 1230, 300 - 5<sup>th</sup> Avenue SW, Calgary, AB T2P 3C4. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 1:00 p.m. (Calgary Time) on June 11, 2021 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized

attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with Odyssey Trust Company via email at proxy@odysseytrust.com, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

The Company will be delivering proxy-related materials to non-objecting beneficial owners of the Common Shares directly with the assistance of Broadridge. The Company intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of the Common Shares.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

### **VOTING OF PROXIES**

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees intend to vote in accordance with the judgment of management of the Company.**

### **QUORUM**

The by-laws of the Company provide that a quorum of shareholders is present at a meeting of shareholders of the Company if at least two persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who holds or represents by proxy not less than 5% of the shares entitled to vote at the meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Management Information Circular (the "**Effective Date**"), which is May 16, 2021, the Company has 9,403,000 Common Shares issued and outstanding. There are no other shares of any class issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.



Holders of Common Shares of record at the close of business on April 16, 2021 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Company, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company, other than as follows:

Name	Number of Common Shares Owned or Controlled <sup>(1)</sup>	Percentage of Common Shares <sup>(2)</sup>
Becam Consulting Ltd. <sup>(3)</sup>	1,000,000	10.64%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 9,403,000 Common Shares issued and outstanding as at the Effective Date.
- (3) Stephen Holyoake has beneficial ownership and control of Becam Consulting Ltd.

### **EXECUTIVE COMPENSATION**

The executive compensation discussion below discloses compensation paid to the following individuals:

- (a) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing function similar to a chief executive officer;
- (b) each individual who, in respect of the Issuer, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing function similar to a chief financial officer;
- (c) in respect of the Issuer and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with Section 1.3(5) of Form 51-102F6V under National Instrument 51-102 - *Continuous Disclosure Obligations*, for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Issuer, nor acting in a similar capacity, as at the end of the most recently completed financial year,

(each a “**Named Executive Officer**”).

During the financial period ended December 31, 2020, the Issuer had two individuals who were Named Executive Officers, namely: (i) John van Driesum, who was appointed as the Chief Executive Officer and President of the

Issuer on January 16, 2019; and (ii) Chris Allchorne, who was appointed the Chief Financial Officer of the Issuer on January 16, 2019.

### **Compensation Discussion and Analysis**

In assessing the compensation of its Named Executive Officers, the Issuer does not have in place any formal objectives, criteria or analysis; compensation payable is currently determined by the Board of Directors.

As of the date of this Management Information Circular, the Issuer's Board of Directors has not established any benchmark or performance goals to be achieved or met by Named Executive Officers, however, such Named Executive Officers are expected to carry out their duties in an effective and efficient manner so as to advance the business objectives of the Issuer. The satisfactory discharge of such duties is subject to ongoing monitoring by the Issuer's directors.

The Issuer's Named Executive Officer compensation during the most recently completed financial period ended December 31, 2020 was determined and administered by the Issuer's Board of Directors. The Board of Directors was solely responsible for assessing the compensation to be paid to the Issuer's Named Executive Officers and for evaluating their performance.

The principal component of Named Executive Officer compensation is the grant of stock options pursuant to the Issuer's Stock Option Plan. The objective of this compensation component is to attract, retain and motivate certain persons of training, experience and leadership as key service providers to the Issuer, including its directors, Named Executive Officers and employees and to advance the interest of the Issuer by providing such persons with additional compensation and the opportunity to participate in the success of the Issuer.

In addition to, or in lieu of, the compensation components described above, payments may be made from time to time to individuals, including Named Executive Officers or directors of the Issuer, or companies they control for the provision of management or consulting services. Such services are paid for by the Issuer at competitive industry rates for work of a similar nature by reputable arm's length services providers.

#### ***Elements of Compensation***

##### *Named Executive Officers*

Individuals who are acting in a capacity similar to a Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers whose total compensation exceeds \$150,000 per annum are for the year ended December 31, 2020 are the "**Named Executive Officers**" herein.

##### *Base Salary*

The objective of base salary compensation is to reward and retain Named Executive Officers and other employees. The program is designed to reward Named Executive Officers and other employees for maximizing Shareholder value in a volatile commodity-based business in a safe, environmentally responsible, regulatory compliant and ethical manner. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Company. Subjective factors such as leadership, commitment and attitude are also considered. It is the goal of the Company to pay base salary

compensation in the range of industry peers in order to retain the Named Executive Officers and other employees while maintaining the overall goal that total compensation should be weighted more heavily toward variable and long-term performance-based components.

#### *Cash Bonus*

The objective of performance-based bonuses is to incentivize the maximization of Shareholder value by the Named Executive Officers and other employees, taking into consideration the operating and financial performance by both the Company and the efforts and results of the Named Executive Officers and other employees. Increases in the value of the Company will result in increases in the amounts paid to the Named Executive Officers and other employees. Short-term incentive awards will include an annual cash bonus award with maximum percentage amounts in line with the percentages paid by the Company's peer group.

#### *Stock Options*

As of December 31, 2020 and as of the Effective Date, Mongoose had 927,800 Options outstanding.

The Company adopted the Option Plan to remain competitive in the energy industry, and the granting of reasonable levels of share-based incentive awards is used as part of the Company's overall compensation package. These share-based incentive awards provide an incentive for all of The Company's service providers to ensure they are striving to maximize Shareholder value. The Board believes this established policy of awarding share-based awards meets the Company's business objectives provided the total number of share-based awards outstanding at any time is limited to a maximum of 10% of the Company's outstanding Common Shares.

The following is a summary of certain provisions of the Option Plan, which is qualified in its entirety by the full text of the Option Plan.

#### *Option Plan Summary*

The Option Plan permits the granting of Options to directors, officers and employees of, and consultants to, the Company. The Option Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 10% of the number of Common Shares issued and outstanding (less the number of Common Shares reserved for issuance under any other Share Based Compensation Arrangement of the Company), subject to the following additional limitations:

- (i) the aggregate number of Options granted to any one participant (and companies wholly owned by that participant) in a 12 month period must not exceed 5% of the issued and outstanding Common Shares, calculated on the date an Option is granted to the person (unless the Company has obtained the requisite disinterested Shareholder approval), less the aggregate number of Common Shares reserved for issuance to such person under any other Share Based Compensation Arrangement of the Company;
- (ii) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders of the Company (as a group) at any point in time must not exceed 10% of the issued and outstanding Common Shares, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Company; and

- (iii) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options must not exceed 10% of the issued and outstanding Common Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Company.

Each Option and all rights thereunder will expire on the date set out in the applicable option agreement. Under the Option Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one year after such death and then only to the extent that such deceased participant was entitled to exercise his Option at the date of his death. In the event that a participant shall cease to be a director, officer, consultant or employee of the Company or ceases to be a Management Company Employee (as defined in the Option Plan), for any reason (other than death), such Participant may exercise his or her Option to the extent that the participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board.

Pursuant to the Option Plan, the exercise price shall be fixed by the Board at the time that the Option is granted; however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on any stock exchange on which the Common Shares are then listed on the first day preceding the date of grant. The Option Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by any stock exchange on which the Common Shares are then listed.

The Option Plan includes a black-out provision. Pursuant to the policies of the Company respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Company's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other Shareholders. The Option Plan includes a provision that, should an Option expiration date fall within a black-out period or immediately following a black-out period, the expiration date will automatically be extended without any further act or formality, to that date which is the 10th business day after the end of the black-out period, and the 10 business day period may not be further extended by the Board.

Based on the policies of the Canadian Securities Exchange (the "CSE") and industry practice, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the Shareholders. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the Option holders, provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to Shareholder approval are amendments that would:

- (i) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (ii) extend the expiry date of an Option held by an Insider of the Company (subject to such date being extended by virtue of the black-out provision noted above and the participant ceasing to be an eligible participant under the Option Plan);

- (iii) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders and independent directors;
- (iv) permit a participant to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (v) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or
- (vi) amend the amendment provisions of the Option Plan.

Pursuant to the Option Plan, all benefits, rights and options accruing to any participant are not transferable or assignable unless in the event of the death of a participant.

The Option Plan is administered by the Board (or a committee thereof), which has the power, subject to the limits imposed by the Option Plan, to (i) award Options under the Option Plan; and (ii) determine the terms under which Options are granted. In determining the persons to whom Options will be granted, the Board takes into account such factors as it determines in its sole discretion, which may include any one or more of the following:

- (i) compensation data for comparable benchmark positions among the Company's peer group;
- (ii) the duties, responsibilities, position and seniority of the grantee;
- (iii) various corporate performance measures for the applicable period compared with internally established performance measures approved by the Board and/or similar performance measures of members of the Company's peer group for such period;
- (iv) the individual contributions and potential contributions of the grantee to the Company's success;
- (v) any bonus payments paid to or to be paid to the optionee, and any previous stock options granted to the optionee, in respect of his or her individual and potential contributions to the Company's success;
- (vi) the fair market value or current market price of the Common Shares at the time of such grant; and
- (vii) such other factors as the Board deems relevant in its sole discretion in connection with accomplishing the purposes of the Option Plan.

#### ***Restrictions on Purchase of Financial Instruments***

The Company's Insider Trading and Reporting Policy provides that the practice of selling "short" securities of the Company and the practice of buying or selling a "call" or "put" or any other derivative security in respect of any securities of the Company (except with respect to securities issued by the Company such as warrants or convertible debentures) is not permitted at any time by the directors, officers and employees of the Company.

#### **Summary Compensation Table**

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Company and its subsidiaries, if any, in respect of individual(s)

who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three most highly compensated individuals whose total compensation exceeded \$150,000 per annum (the "Named Executive Officers").

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation(\$)	Total Compensation(\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-Term Incentive Plans			
John van Driesum President and Chief Executive Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	25,200	Nil	Nil	Nil	Nil	25,200
	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Chris Allchorne Chief Financial Officer	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	25,200	Nil	Nil	Nil	Nil	25,200
	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) "Share-Based Award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "Option-Based Award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The Company follows the fair value method of accounting for all stock-based compensation arrangements. The values reported represent an estimate of the grant date fair value of the Options calculated in accordance with the Black-Scholes option pricing model. Please see the audited annual financial statements of the Company for the year ended December 31, 2020 for details regarding the assumptions underlying these Black-Scholes estimates. The Black-Scholes model is a pricing model that may or may not reflect the actual value of the Options. The Black-Scholes methodology was selected in order to maintain consistency with the Company's prior practice and because it is widely used by Canadian public companies for estimated option-based compensation.
- (3) Represents cash bonuses paid to Named Executive Officers in the respective year.

**Incentive Plan Awards**

***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets forth details of all awards outstanding for each Named Executive Officer of Mongoose as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
<b>John van Driesum</b> President and Chief Executive Officer	278,340	0.10	Nov. 27, 2024	Nil	Nil	Nil	Nil
<b>Chris Allchorne</b> Chief Financial Officer	278,340	0.10	Nov. 27, 2024	Nil	Nil	Nil	Nil

**Notes:**

- (1) Calculated based on the difference between the closing price of \$0.05 per Common Share on the CSE on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.

None of the awards have been transferred at other than fair market value.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$)	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
<b>John van Driesum</b> President and Chief Executive Officer	N/A	N/A	N/A
<b>Chris Allchorne</b> Chief Financial Officer	N/A	N/A	N/A

**Pension Plan Benefits**

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

## DIRECTOR COMPENSATION

The Company currently has three directors, one of which, John van Driesum, is also a Named Executive Officers. For a description of the compensation paid to the Named Executive Officers who also act as directors of the Company, see “*Executive Compensation*”.

The Corporate Governance & Compensation Committee is responsible for the development and implementation of a compensation plan for the Outside Directors. The Company does not pay any compensation to officers for acting as a director.

Members of the Board of Directors are not paid any remuneration in their capacities as such. Directors are reimbursed, however, for miscellaneous out-of-pocket expenses in carrying out their duties as directors and are granted Options pursuant to the Option Plan, from time to time. The Board of Directors determines the number of Options awarded to directors. When determining the number of Options to be granted to directors, consideration is given to the number of Options previously granted to the directors and the fact that the directors do not receive any other form of compensation.

### Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers (the “**Outside Directors**”) of the Company for the financial year ended December 31, 2020.

Name	Fees Earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Kelly McDonald	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Arif Shivji	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### Notes:

- (1) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.

For the year ended December 31, 2019, compensation of \$16,800 each in share-based awards was provided to the Outside Directors. No compensation was provided to the Outside Directors during the financial year ended December 31, 2018.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Outside Director of the Company as of the most recent financial year end, including awards granted before the most recently completed financial year.



Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) <sup>(2)</sup>
Kelly McDonald	185,560	0.10	Nov. 27, 2024	Nil	Nil	Nil	Nil
Arif Shivji	185,560	0.10	Nov. 27, 2024	Nil	Nil	Nil	Nil

**Notes:**

- (1) Calculated based on the difference between the closing price of \$0.05 per Common Share on the CSE on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.

None of the awards disclosed in the table above have been transferred at other than fair market value.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for the Outside Directors of the Company.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Kelly McDonald	N/A	N/A	N/A
Arif Shivji	N/A	N/A	N/A

***Narrative Discussion***

For information regarding the Option Plan please see “Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Stock Options” and “Particulars of Matters to be Acted Upon – Approval of Stock Option Plan”.

**Other Compensation**

Other than as set forth herein, the Company did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Option Plan reserves for issuance, in the aggregate, a maximum 10% of the Company's issued and outstanding Common Shares from time to time. The Option Plan is a 'rolling' plan which reserves for issuance a maximum of 10% of the issued and outstanding Common Shares (less the number of Common Shares reserved for issuance under any other Share Based Compensation Arrangement of the Company, including the RSU Plan).

As at December 31, 2020, Mongoose had granted 927,800 Options.

The following table sets forth securities of the Company that are authorized for issuance under equity compensation plans as at the end of the Company's most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)</b>
Equity compensation plans approved by securityholders	927,800	0.10	12,500
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>927,800</b>	<b>0.10</b>	<b>12,500</b>

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Company or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Company or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Company except as disclosed in the audited financial statements.

## **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth herein or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth herein, or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the

Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company or its subsidiaries.

### **AUDIT COMMITTEE**

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the shareholders, the relationship between the Company and the external auditor.

Pursuant to National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”) the Company is required to disclose certain information with respect to its Audit Committee, as summarized below.

#### **Audit Committee Terms of Reference**

The Company must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are attached hereto as Appendix “A”.

#### **Audit Committee Composition**

The following are the members of the Audit Committee as at the date hereof:

Arif Shivji	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Kelly McDonald	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
John Van Driesum	Not Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

**Note:**

(1) As defined by NI 52-110.

The Board believes the composition of the Audit Committee reflects a high level of financial literacy and expertise.

#### **Relevant Education and Experience**

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of an audit committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

#### **Arif Shivji:**

Mr. Shivji is a Chartered Accountant with over 20 years of finance experience working with private and public companies through his part time CFO service business. Mr. Shivji has been an director and officer in a number of companies over the last ten years and start up ventures in the petroleum industry.

Kelly McDonald:

Mr. McDonald is a Professional Geologist with over 25 years of oil and gas experience in Canada and the US. Mr. McDonald has been an officer in a number of oil and gas companies over the last 10 years and has been intricately involved in exploration and development of both conventional and unconventional assets across North America.

John van Driesum:

Mr. van Driesum holds a B.A. and LLB with over 25 years of experience as a lawyer in commercial transactions. He has been an officer and director in a number of software, technology, and mining companies over the past 30 years both in North America and through Europe and Oceania.

**Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemption*).

**Pre-Approval Policies and Procedures**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described in the terms of reference of the Audit Committee attached hereto as Appendix "A" under the heading "*External Auditors*".

**External Auditor Service Fees**

The aggregate fees billed by the Company's external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees (\$) <sup>(1)</sup></b>	<b>Audit Related Fees (\$) <sup>(2)</sup></b>	<b>Tax Fees (\$) <sup>(3)</sup></b>	<b>All Other Fees (\$) <sup>(4)</sup></b>
2020	\$12,000	\$Nil	\$Nil	\$Nil
2019	\$24,455	\$1,500	\$Nil	\$Nil
2018	\$Nil	\$Nil	\$Nil	\$Nil

**Notes:**

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control

- reviews and audit or attest services not required by legislation or regulation.
- (3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.
  - (4) All other fees include fees for products and services provided by the Auditor, other than the services reported above.

### **Exemption**

The Company is relying upon the exemption in Section 6.1 of NI 52-110.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Company, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices, which are both in the interest of the shareholders of the Company and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Company is required to disclose its corporate governance practices as summarized below.

### **Board of Directors**

The Board is currently comprised of three directors, John van Driesum, Kelly McDonald, and Arif Shivji.

Kelly McDonald and Arif Shivji are independent directors of the Company and have no ongoing interest or relationship with the Company other than their security holdings in the Company and serving as directors.

John van Driesum, the President and Chief Executive Officer of the Company, is a member of management and, as a result, is not an independent director. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 – *Corporate Governance Guidelines* suggests that the Board of a public Company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. The Board is comprised of a majority of independent directors.

### **Directorships**

The following directors of the Company (or proposed nominees) are directors of other reporting issuers:

<b>Director</b>	<b>Other Reporting Issuers</b>
Arif Shivji	Hoist Capital Corp. Highwood Oil Company Ltd.
Terence Coughlan	GoGold Resources Inc.
Steven Cummings	MedMira Inc.

### **Orientation and Continuing Education**

At present, each new director is given an outline of the nature of the Company's business, its corporate strategy, and current issues with the Company along with a description of the committees constituted by the Board. New directors are also expected to be required to meet with management of the Company to discuss and better understand the Company's business and will be advised by counsel to the Company of their legal obligations as directors of the Company. The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgement in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board presently seeks and determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among the Board members and officers.

### **Compensation**

The remuneration of the directors and the Chief Executive Officer of the Company will be set and periodically reviewed by the Board.

The Board is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer and director performance and will evaluate performance to determine compensation. See “*Executive Compensation*” and “*Director Compensation*”.

## **Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Company’s size, its stage of development and the limited number of individuals on the Board, the Board has considered a formal assessment process to be inappropriate at this time.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. Report and Financial Statements**

The Board has approved all of the information in the audited financial statements of the Company for the financial year ended December 31, 2020 and the report of the auditor thereon, copies of which are delivered herewith and are also available on [www.sedar.com](http://www.sedar.com) under the Company’s SEDAR profile. No vote by the shareholders is required to be taken on the financial statements.

### **2. Fix Number of Directors and Election of Directors**

At the Meeting, Shareholders are required to elect the directors of the Company to hold office until the next annual meeting of Shareholders or until the successors of such directors are elected or appointed. It is desirable, in connection with the Proposed Transaction, (A) to elect the directors of the Company to serve from the close of the Meeting (the “**Current Slate**”) until the earlier of: (i) the close of the next annual meeting of Shareholders of the Company or until their successors are elected or appointed; and (ii) a time determined by the Current Slate, such time to be: (x) no earlier than the time of completion of the Proposed Transaction; and (y) not later than one business day following the date of completion of the Proposed Transaction (and if no such determination is made by the Current Slate, such determination will be deemed to have been made and the time deemed to be determined shall be the effective time of the Proposed Transaction) (any such determined time, the “**Change of Board Time**”); and (B) to set the number of directors of the Company immediately following the Change of Board Time at six (6) directors and to elect the directors of the Company to serve from the Change of Board Time until the close of the next annual meeting of Shareholders of the Company or until their successors are elected or appointed (the “**New Slate**”).

It is a condition to the completion of the Proposed Transaction that the New Slate, comprised of six (6) individuals, be elected, effective at the Change of Board Time, as directors of the Resulting Issuer. Accordingly, the shareholders will be asked at the Meeting to set the number of directors effective immediately following the Change of Board Time at six (6).

At the time of the Meeting, the Proposed Transaction will not yet have been completed and there can be no assurance at that time that it will be completed.

The Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

**"BE IT HEREBY RESOLVED** that:

1. the election of each of John van Driesum, Kelly McDonald and Arif Shivji as directors of the Company to hold office until the earlier of:
  - (a) the close of the next annual meeting of shareholders of the Company or until their successors are elected or appointed, and
  - (b) the Change of Board Time, as defined in the Management Information Circular,is hereby approved;
2. the number of directors of the Company effective immediately after the Change of Board Time be set at six (6) individuals; and
3. the election of each of Matthew Allas, Terence Coughlan, Steve Cummings, John Allan, Gerasimos (Gerry) Sklavounos Jr. and John van Driesum, as directors of the Company, to hold office from the Change of Board Time until the next annual meeting of the Shareholders or until their successors are elected or appointed, is hereby approved."

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote to set the number of directors of the Company and to vote for the election of the directors as set forth above and therein.** Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. The Company does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies held by the persons designated as proxyholders in the accompanying Instrument of Proxy will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her common shares are to be withheld from voting in the election of directors.** Each director elected as a Current Slate director will hold office from the close of the Meeting until the earlier of: (i) the next annual meeting of Shareholders or until their successors are elected or appointed; or (ii) until the Change of Board Time, as the case may be; and (iii) each director elected as a New Slate director will hold office from the Change of Board Time until the next annual meeting of Shareholders or until their successors are elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the Articles of the Company or the provisions of the BCBCA.

See below for detailed information concerning the Current Slate and the New Slate.

#### ***Current Slate***

The following sets forth the name of each of the persons proposed to be nominated for election as a director of the Company as part of the Current Slate, all positions and offices in the Company presently held by such nominees, the nominees' municipality and country of residence, principal occupation at the present time and during the preceding five (5) years, the period during which the respective nominees have served as directors, and the number



and percentage of common shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised.

The information below as to the number of shares of the Company beneficially owned by the proposed nominees, not being within the knowledge of the Company, has been furnished by the respective persons individually.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, as at the Effective Date <sup>(2)</sup>
John van Driesum <sup>(1)(3)</sup> Victoria, BC, Canada Chief Executive Officer, Director	Consultant to businesses and individuals regarding commercialization of business opportunities and planning for or remediation of problems related to capitalization, corporate structure and governance and governmental licensing and oversight requirements.	100,000 (1.06%)
Kelly McDonald <sup>(1)(3)</sup> Calgary, Alberta	VP Exploration with Highwood Oil Company Ltd., a public oil and natural gas producer, from November 2016 to present.	400,000 (4.25%)
Arif Shivji <sup>(1)(3)</sup> Victoria, British Columbia Director	Director of Highwood Oil Company Ltd., a public oil and natural gas producer, and Director, President, CEO and CFO of Hoist Capital Corp., a capital pool corporation listed on the TSX Venture Exchange. Previously CFO of Predator Oil Ltd. and Predator Midstream Ltd. from 2012 to 2014.	400,000 (4.25%)

**Notes:**

- (1) Member of the Audit Committee.
- (2) Assumes a total of 9,403,000 Common Shares issued and outstanding as at the Effective Date.
- (3) Directors since January 16, 2019

**New Slate**

The following table sets forth the name of each of the persons proposed to be nominated for election as a director of the Resulting Issuer as part of the New Slate, all positions and offices to be held in the Resulting Issuer by such nominees, the nominees' municipality and country of residence, principal occupation within the five preceding years, the period during which the nominees have served as directors, and the number and percentage of common shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised. Please note that the election of the New Slate is subject to receipt of all applicable regulatory approvals. If any proposed nominee on the New Slate is unable to serve as a director such director shall not be appointed following the Proposed Transaction. In such case one of the members of the Current Slate will remain as a director until a suitable replacement can be found after which such member of the Current Slate will resign and the then board members will appoint his replacement in accordance with applicable law.

The information below as to the number of shares of the Resulting Issuer to be beneficially owned by the proposed nominees, not being within the knowledge of the Company, has been furnished by the respective persons individually.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, as at the Effective Date <sup>(1)</sup>
Matthew Allas, Director Nominee Ontario, Canada	President and CEO of Maximos; Investment Banker	Nil <sup>(2)</sup>
Terence Coughlan, Director Nominee Nova Scotia, Canada	Senior mining executive; Chairman of GoGold Resources Inc.; Geological consultant	Nil <sup>(3)</sup>
Steve Cummings, Director Nominee Nova Scotia, Canada	Founder of Cambridge Financial Services	Nil
John Allan, Director Nominee Newfoundland & Labrador	Independent Businessman	Nil
Gerasimos (Gerry) Sklavounos Jr. Director Nominee Montreal, Québec	Consultant	Nil
John van Driesum <sup>(1)(3)</sup> Victoria, BC, Canada Chief Executive Officer, Director since January 16, 2019	Consultant to businesses and individuals regarding commercialization of business opportunities and planning for or remediation of problems related to capitalization, corporate structure and governance and governmental licensing and oversight requirements.	100,000 (1.06%)

**Notes:**

- (1) Assumes a total of 9,403,000 Common Shares issued and outstanding as at the Effective Date.
- (2) Mr. Allas will hold 1,000,000 consolidated common shares after the Proposed Transaction.
- (3) Mr. Coughlan will hold 250,000 consolidated common shares after the Proposed Transaction.

*Cease Trade Orders or Bankruptcies*

To the best of the Company’s knowledge, no proposed director is, as at the Effective Date, or has been within the 10 years before the Effective Date, a director or executive officer of any company (including Mongoose), that:

- (a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), that was issued

while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director, within 10 years before the Effective Date, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

#### *Personal Bankruptcies*

No proposed director has, within 10 years before the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

#### *Penalties and Sanctions*

To the best of the Company's knowledge, no proposed director has, as at the Effective Date, been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director,

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

### **3. Appointment of Auditor**

The shareholders of the Company will be asked to vote for the appointment of MNP LLP, as auditor of the Company. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favor of a resolution appointing MNP LLP, as auditor of the Company for the next ensuing year, to hold office until the close of the next annual general meeting of Shareholders or until the firm of MNP LLP is removed from office or resigns as provided by the Company's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor.**

#### **4. Approval of the Proposed Transaction**

Shareholders will be asked at the Meeting to approve the Proposed Transaction. Details regarding the Proposed Transaction including the background to, reasons for, details of, conditions to and effect of the Proposed Transaction are set forth in this Management Information Circular and the Appendices and Schedules thereto. Shareholders are urged to carefully read the information in this Management Information Circular and the Appendices thereto in order to make an informed decision. **Full, true and plain disclosure relating to Spark and the Transaction is attached hereto in Appendix “C”. Capitalized terms used in this section of the Management Information Circular but otherwise defined herein have the meanings ascribed to them in Appendix “C”.**

In addition Appendix “C” contains the following schedules.

SCHEDULE “A” MONGOOSE FINANCIAL STATEMENTS

SCHEDULE “B” SPARK FINANCIAL STATEMENTS

SCHEDULE “C” MONGOOSE MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHEDULE “D” SPARK MANAGEMENT'S DISCUSSION AND ANALYSIS

SCHEDULE “E” PRO FORMA FINANCIAL STATEMENTS

#### **General**

The Company and Spark began to exchange and review certain confidential information in October of 2020. After the consideration of a number of factors and the review of various documents relating to the business, assets, and liabilities of Spark, the parties entered into a letter of intent on October 16, 2020 that contemplated the entering into of a definitive agreement with Spark in order to complete the Transaction.

On March 17, 2021, Mongoose, Spark, and the Spark Shareholders entered into the Share Exchange Agreement, pursuant to which, among other things, Mongoose will acquire all of the issued and outstanding shares of Spark in exchange for Mongoose Consolidated Shares. Pursuant to the Share Exchange Agreement, the Spark Shareholders agreed to exchange, transfer and assign all of their Spark Shares to Mongoose in consideration for 24,500,000 Mongoose Consolidated Shares. Further, the outstanding convertible securities of Spark will become exchangeable for securities of Mongoose (after giving effect to the Mongoose Consolidation) in accordance with their terms following completion of the Share Exchange.

In connection with the Transaction, Mongoose announced that immediately prior to the completion of the Share Exchange it intends to complete the Mongoose Consolidation on the basis of one Mongoose Consolidated Share for every 2.85 outstanding pre-Consolidation Mongoose Shares.

The transactions contemplated by the Share Exchange Agreement will constitute a “reverse takeover” of the Company by Spark and the Spark Shareholders (the “**Transaction**”). As a result of the Transaction: (i) Spark will become a wholly-owned subsidiary of the Resulting Issuer; and (ii) the current Spark Shareholders will become the controlling shareholders of the Resulting Issuer.

The Share Exchange Agreement contains, among others, the following conditions precedent:

- The Spark Private Placement will have been completed;

- No *bona fide* legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Spark Shareholders of the Spark Shares for Mongoose Shares or the right of Spark or Mongoose from and after the Closing Time to conduct, expand and develop the business of Spark;
- All consents, orders and approvals required or necessary or desirable for the consummation of the transactions contemplated by the Share Exchange Agreement will have been obtained or received, including all required approvals, consents, authorizations, and waivers from the CSE and the securities regulatory authorities in Ontario, Quebec, British Columbia, and Alberta; and
- Due diligence by both Mongoose and Spark will have been completed.

A copy of the Share Exchange Agreement has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and is attached hereto as Appendix “B”. The summary of the Share Exchange Agreement contained in this Management Information Circular and the Schedules and Appendices is qualified in its entirety by reference to the full version of the Share Exchange Agreement.

#### *Spark Private Placement*

In conjunction with the Transaction, Spark intends to complete the Spark Private Placement of Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of \$1,000,000. Each Subscription Receipt entitles the holder thereof to acquire, without the payment of additional consideration, one Spark Share upon the conditions to the Transaction being satisfied or waived. Each holder of a Subscription Receipt will agree to transfer their Spark Shares into Mongoose Consolidated Shares at the Exchange Ratio.

Upon the Proposed Transaction becoming effective, Spark will be a wholly-owned subsidiary of Mongoose.

Pursuant to the terms of an agreement between Mongoose, 21Alpha and Maximos (the “**Board Nomination Agreement**”), to be entered into at Closing, 21Alpha and Maximos will use their best efforts to cause Mr. van Driesum, acting as representative of Mongoose, to be included as a proposed director in the Resulting Issuer’s management slate of directors to be put forth for appointment at the Resulting Issuer’s annual general meetings of Shareholders until the period ending 36 months from the Closing Date. 21Alpha and Maximos will covenant in such agreement to vote in favour of this nominee during this 36 month period.

Mongoose also intends to change its name to Sparks Minerals Ltd. concurrent with Closing (the “**Name Change**”).

It is anticipated that these issuances of securities by Mongoose pursuant to the Proposed Transaction will be exempt from the prospectus and registration requirements of applicable securities laws.

#### **Effect**

Upon the Proposed Transaction becoming effective, Spark will be a wholly-owned Subsidiary of Mongoose. The principal business of the Resulting Issuer will be exploring, developing and producing the Cobequid Highlands Assets through its wholly owned subsidiary, Spark.

Upon the completion of the Proposed Transaction and the Consolidation the Resulting Issuer will have approximately 32,299,298 Mongoose Shares issued and outstanding on a non-diluted basis (depending on the final size of the Spark Private Placement). The Resulting Issuer is also anticipated to have available funds of approximately \$1.7 million to pursue its business objectives as set out under the heading “Section 4.2- Business of Spark and the Resulting Issuer” in Appendix “C”.

### **Securities Laws Matters**

The issue of Mongoose Shares to the holders of the outstanding shares of Spark (the “Vendors”) will be exempt from the prospectus and registration requirements of the securities laws of Canada. The Mongoose Shares issued to Terence Coughlan, Matthew Allas, 21Alpha and Maximos pursuant to the Proposed Transaction will be subject to escrow requirements and seed share sale restrictions in accordance with CSE Policies.

### **Regulatory Approvals and Filings**

Neither Mongoose nor Spark, as applicable, are aware of any material licenses or regulatory permits that it holds which might be adversely affected by the Proposed Transaction or which must be obtained or of any other action by any federal, provincial, state or foreign government or administrative or regulatory agency that would be required to be obtained prior to the completion of the Proposed Transaction, other than the approval of the CSE. See “Risk Factors”. Mongoose has applied for conditional acceptance from the CSE to list the Shares in connection with the Proposed Transaction on the CSE. This conditional acceptance has not yet been granted.

### **Details of the Proposed Transaction**

On the Closing Date:

- Mongoose will purchase all of the issued and outstanding shares of Spark;
- The directors and officers of the Resulting Issuer will be changed as described in “13.1 - Directors and Executive Officers of the Resulting Issuer”.

### **Share Exchange Agreement**

The following summary of the Share Exchange Agreement is qualified in its entirety by the text of the Amended and Restated Share Exchange Agreement, attached hereto as Appendix “B”.

### **Representations, Warranties and Covenants**

The Share Exchange Agreement contains representation and warranties made by each of Mongoose, the Vendors and Spark in respect of the respective assets, liabilities, financial position, business and operations of Mongoose, and Spark. The Vendors and Spark also provide covenants in favour of Mongoose which governs the conduct of the operations and affairs of Spark prior to closing.

### **Conditions to the Proposed Transaction**

The Share Exchange Agreement contains certain conditions to the obligations of Mongoose and the Vendors to complete the Proposed Transaction. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, the Proposed Transaction will not be completed. The following is a summary of the significant conditions in favour of Mongoose contained in the Share Exchange Agreement:

- (a) no material adverse change shall have occurred in the condition of Spark;
- (b) the Spark Private Placement will have been completed;
- (c) the conditional approval of the CSE for the listing of the Mongoose Shares to be issued pursuant to the Proposed Transaction; and
- (d) the approval of the Proposed Transaction by the Shareholders of the Company.

### **Consents and Approvals**

Management of Mongoose believes that all material consents, rulings, approvals and assurances required for the completion of the Proposed Transaction will be obtained prior to the Closing Date in the normal course upon application therefore, however, there can be no assurance that all of the conditions to the Proposed Transaction will be fulfilled prior to the anticipated Closing Date. The fulfillment of certain of the conditions may be waived by Mongoose.

### **Termination of Share Exchange Agreement**

Prior to the Closing Date, the Share Exchange Agreement may be terminated without action on the part of the Shareholders:

- (a) by mutual written consent of each of Spark, the Vendors and Mongoose;
- (b) by Spark, the Vendors or Mongoose, if there has been a misrepresentation, breach or non-performance by a party (other than the party seeking to terminate the Share Exchange Agreement) of any representation, warranty, covenant or obligation contained in the Share Exchange Agreement, which could reasonably be expected to have a material adverse effect on another party, provided the breaching party has been given notice of and thirty (30) days to cure any such misrepresentation, breach or non-performance;
- (c) by Spark, the Vendors or Mongoose, if a condition for the terminating party's benefit has not been satisfied or waived; or
- (d) by Spark, the Vendors or Mongoose, if the Closing has not occurred on or before June 15, 2021 or such later date as may be agreed to by Spark, the Vendors and Mongoose (provided, that the right to terminate the Share Exchange Agreement shall not be available to any party whose failure to fulfill any of its obligations under the Share Exchange Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date).

## **Recommendations of the Mongoose Board**

The Mongoose Board unanimously determined that the Proposed Transaction is fair to Shareholders, is in the best interests of Mongoose and the Shareholders and has authorized the submission of the Proposed Transaction to Shareholders for approval. **Accordingly, the Mongoose Board unanimously recommends that the Shareholders vote FOR the Proposed Transaction Resolution (as defined below) and all other matters to be considered at the Meeting.**

The members of the Mongoose Board and the officers of Mongoose hold or control an aggregate of 1,200,000 Mongoose Shares representing 12.7% of the Mongoose Shares outstanding as at the Effective Date. Each of the members of the Mongoose Board and the officers of Mongoose have indicated that they intend to vote all of their Mongoose Shares in favour of the Proposed Transaction Resolution and all other matters to be considered at the Meeting.

## **Risk Factors**

The Resulting Issuer will principally carry on the business of Spark. The business currently conducted by Spark and to be conducted by the Resulting Issuer, upon completion of the Proposed Transaction, is subject to a number of risks as outlined below and in the Schedules hereto. In evaluating the Proposed Transaction, Shareholders should carefully consider, in addition to the other information contained in this Management Information Circular, the risks and uncertainties described below before deciding to vote in favour of the Proposed Transaction. While this Management Information Circular has described the risks and uncertainties that management of Mongoose believes to be material to the Resulting Issuer's business, it is possible that other risks and uncertainties affecting the Resulting Issuer's business will arise or become material in the future.

If the Resulting Issuer is unable to effectively address these and other potential risks and uncertainties following the completion of the Proposed Transaction, its business, financial condition or results of operations could be materially and adversely affected. In this event, the value of the Mongoose Shares could decline and you could lose all or part of your investment.

The Risk Factors are set out in Appendix "C" - Section 17.

## **Resolution**

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the Proposed Transaction. The Proposed Transaction is to be completed pursuant to the terms of the Share Exchange Agreement. For information on the Proposed Transaction see Appendix "C".

The Mongoose Board unanimously determined that the Proposed Transaction is fair to Shareholders, is in the best interests of Mongoose and the Shareholders and authorized the submission of the Proposed Transaction to Shareholders for approval. **ACCORDINGLY, THE MONGOOSE BOARD UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR THE PROPOSED TRANSACTION RESOLUTION AND ALL OTHER MATTERS TO BE CONSIDERED AT THE MEETING.**



Each of the members of the Mongoose Board and the officers of Mongoose have indicated that they intend to vote all of their Mongoose Shares in favour of the Proposed Transaction Resolution and all other matters to be considered at the Meeting.

These individuals hold, directly and indirectly, an aggregate of 1,200,000 Mongoose Shares, representing 12.7% of the Mongoose Shares outstanding as at the Effective Date.

**The complete text of the resolution (the “Proposed Transaction Resolution”) to be considered at the Meeting for the approval, confirmation and adoption, with or without modification, is substantially as follows:**

”BE IT HEREBY RESOLVED as an ordinary resolution of the Company that:

1. the Company is hereby authorized to acquire (the “Acquisition”) all of the issued and outstanding shares of Spark Minerals Inc. (“Spark”) pursuant to and in accordance the terms of the Share Exchange Agreement;
2. notwithstanding that this resolution has been passed by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further notice to or approval of the shareholders of the Company: (i) to amend the Share Exchange Agreement to the extent permitted by the Share Exchange Agreement; and (ii) subject to the terms and conditions of the Share Exchange Agreement, not to proceed with the Acquisition;
3. the shareholders of the Company hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
4. any one (or more) director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution.”

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the Proposed Transaction Resolution approving the Proposed Transaction. In order to be effective, the Proposed Transaction Resolution requires approval of a majority of the votes cast by Shareholders who vote in respect to such ordinary resolution.**

#### **Consolidation and Name Change**

If the Proposed Transaction is approved, it is the intention of the Mongoose board to effect the Mongoose Consolidation and the Name Change in accordance with the Articles of Mongoose which do not require shareholder approval for a consolidation or name change of the Company.

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon**

**any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

### **GENERAL**

**Unless otherwise directed, it is management’s intention to vote proxies in favour of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Company’s most recently completed financial year is provided in the Company’s comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Company at 1000, 250 - 2<sup>nd</sup> Street S.W., Livingston Place, Calgary, Alberta, Attn: Chief Financial Officer to obtain a copy of the Company’s most recent financial statements and management discussion and analysis.

### **INTEREST OF EXPERTS**

Alex MacKay, P. Geo. of AMK prepared the Cobequid Highlands Technical Report (see Section 4.4 – “Mineral Projects”). As of the date of the Cobequid Highlands Technical Report, Mr. MacKay certified that he was “independent” of Spark for the purposes of NI 43-101. Mr. Jamieson also serves as the Qualified Person for the purposes of the disclosure of matters pertaining to the Property in Section 4.4 – “Mineral Projects” that occurred subsequent to the date of the Cobequid Highlands Technical Report. Mr. MacKay did not receive any or received less than a one per cent direct or indirect interest in any securities of each of Mongoose and Spark, or of any Associate or Affiliate of either of them, in connection with the preparation of the Cobequid Highlands Technical Report. Mr. MacKay is not currently, nor is he expected to be elected, appointed or employed as, a director, officer or employee of Mongoose, Spark or the Resulting Issuer, or of any Associate or Affiliate of the Resulting Issuer.

As of the date hereof, the principals of MNP LLP, considered as a group, do not beneficially own, directly or indirectly, any of the issued and outstanding Common Shares or shares of Spark.

MNP LLP is independent with respect to Mongoose and Spark within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants.

### **BOARD APPROVAL**

The contents and the sending of this Management Information Circular have been approved by the Board.

**DATED** this 16<sup>th</sup> day of May, 2021.

**Appendix “A”**  
**Audit Committee Charter**

**MONGOOSE MINING LTD.**  
**(the “CORPORATION”)**

**1. Role and Objective**

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of the Company to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board of director approval, the audited financial reports and other mandatory disclosure releases containing financial information. The objectives of the Committee, with respect to the Company and its subsidiaries, are as follows:

- to assist directors to meet their responsibilities in respect of the preparation and disclosure of the financial reports of the Company and related matters.
- to provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board.
- to ensure the external auditors’ independence and review and appraise their performance.
- to increase the credibility and objectivity of financial reports.
- to strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

**2. Composition**

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent (within the meaning of National Instrument 52-110 - *Audit Committees* issued by the Canadian Securities Administrators (“**NI 52-110**”)) unless the Board determines to rely on an exemption in NI 52-110. A majority of the individuals must be independent if the Committee is composed of more than three individuals. “Independent” generally means free from any business or other direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment.

The Secretary to the Board shall act as Secretary of the Committee.

A quorum shall be a majority of the members of the Committee.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being “financially literate” means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements.

### **3. Meetings**

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Agendas, with input from management, shall be circulated to Committee members and relevant management personnel along with background information on a timely basis prior to the Committee meetings.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity (the “CFO”), and the external auditor.

The Chief Executive Officer and the CFO or their designates shall be available to attend all meetings of the Committee upon the invitation of the Committee.

The Controller, Treasurer and/or such other staff as appropriate shall provide information to the Committee and be available to attend meetings upon invitation by the Committee.

### **4. Mandate and Responsibilities**

To fulfill its responsibilities and duties, the Committee shall:

- 1) annually review this mandate and make recommendations to the Corporate Governance and Compensation Committee as to proposed changes;
- 2) satisfy itself on behalf of the Board with respect to the Company’s internal control systems, including, where applicable, relating to derivative instruments:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal and regulatory requirements;
- 3) review the Company’s financial reports, MD&A, any annual earnings, interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include, but not be limited to:
  - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years’ financial reports;
  - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing financial reporting relating to asset retirement obligations;

- (f) reviewing disclosure requirements for commitments and contingencies;
  - (g) reviewing adjustments raised by the external auditors, whether or not included in the financial reports;
  - (h) reviewing unresolved differences between management and the external auditors;
  - (i) obtaining explanations of significant variances with comparative reporting periods; and
  - (j) determining through inquiry if there are any related party transactions and ensuring the nature and extent of such transactions are properly disclosed;
- 4) review the financial reports and related information included in the circular, management discussion and analysis (MD&A), information circular-proxy statements and annual information forms (AIF), prior to Board approval;
- 5) with respect to the appointment of external auditors by the Board:
- (a) require the external auditors to report directly to the Committee;
  - (b) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
  - (c) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company and confirming their independence from the Company;
  - (d) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (e) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting;
  - (f) review management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
  - (g) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - (h) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - (i) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and
  - (j) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial reports;

- 6) review all public disclosure containing audited or unaudited financial information before release;
- 7) review financial reporting relating to risk exposure;
- 8) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information from the Company's financial reports and periodically assess the adequacy of those procedures;
- 9) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- 10) review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial reports of the Company and its subsidiaries;
- 11) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors and consider the impact on the independence of the auditors; the pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (a) the aggregate amount of all such non-audit services provided to the Company constitutes not more than 5% of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (b) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (c) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee;provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee;
- 12) review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it;
- 13) with respect to the financial reporting process:
  - (a) in consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
  - (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
  - (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
  - (d) review significant judgments made by management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;

- (e) following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) review any significant disagreement among management and the external auditors regarding financial reporting;
- (g) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) review the certification process;
- (i) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (j) establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

## **5. Authority**

Following each meeting, in addition to a verbal report, the Committee will report to the Board by way of providing copies of the minutes of such Committee meeting at the next Board meeting after a Committee meeting is held (these may still be in draft form).

Supporting schedules and information reviewed by the Committee shall be available for examination by any director.

The Committee shall have the authority to investigate any financial activity of the Company, and to communicate directly with the internal and external auditors. All employees are to cooperate as requested by the Committee.

The Committee may retain, and set and pay the compensation for, persons having special expertise and/or obtain independent professional advice to assist in fulfilling its duties and responsibilities at the expense of the Company.

**Appendix “B”**

**Share Exchange Agreement**



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**SHARE EXCHANGE AGREEMENT**

Made as of the 17<sup>th</sup> day of March, 2021

Between

**SPARK MINERALS INC.**

and

**ALL OF THE SHAREHOLDERS OF SPARK MINERALS INC. NAMED ON  
SCHEDULE "A" ATTACHED HERETO**

and

**MONGOOSE MINING LTD.**

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## SHARE EXCHANGE AGREEMENT

This Agreement is made as of the 17<sup>th</sup> day of March, 2021, between

**SPARK MINERALS INC.**

a company incorporated under the laws of the Province of Nova Scotia  
("Spark")

and

**ALL OF THE SHAREHOLDERS OF SPARK MINERALS INC. NAMED ON SCHEDULE "A" ATTACHED HERETO**  
(the "Spark Shareholders")

and

**MONGOOSE MINING LTD.**

a corporation incorporated under the laws of the Province of British Columbia  
("Mongoose")

**WHEREAS** the Spark Shareholders are the registered owners of 286 common shares of Spark (each, a "**Purchased Share**" and collectively, the "**Purchased Shares**");

**AND WHEREAS** Mongoose is a reporting issuer in the Provinces of Ontario, Alberta, Saskatchewan, Yukon Territory and British Columbia whose common shares are listed on the Canadian Securities Exchange;

**AND WHEREAS** Mongoose, Spark and the Spark Shareholders wish to enter into this agreement in respect of the exchange of securities on the terms and conditions herein contained;

**AND WHEREAS** Mongoose intends to acquire all of the Spark Shares issued and outstanding at the Closing Time in exchange for the issuance of the Consideration Shares (as defined below) to all of the Spark Shareholders (the "**Share Exchange**");

**AND WHEREAS** following such transactions, Mongoose will directly own all of the Spark Shares;

**NOW THEREFORE**, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby covenant and agree as follows.

**FOR VALUE RECEIVED**, the parties agree as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions

For all purposes of this Agreement the following capitalized terms shall have the meanings set forth in this Article 1:

"**Affiliate**" of an entity means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with such entity.

"**Applicable Securities Laws**" means the securities laws, the regulations, rules, rulings and orders in the Provinces of Ontario, Alberta, Saskatchewan, Yukon Territory and British Columbia, the applicable policy statements issued by the securities regulators in the Provinces of Provinces of Ontario, Alberta, Saskatchewan, Yukon Territory and British Columbia.

"**Articles**" means the certificate and articles of incorporation (as amended), constitution, operating agreement, joint venture or partnership agreement or articles or other constituting document of any Person other than an individual, each as from time to time amended or modified.

"**Assets**" with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including Intellectual Property and including any goodwill related thereto, operated, owned or leased by or in the possession of such Person and, in respect of Spark, the Properties and all samples, drill core, geological and geophysical data and information relating to the Properties.

"**Auditors**" means such firm of chartered professional accountants as a company may have appointed or may from time to time appoint as auditors of such company.

"**Business Day**" means a day, excluding Saturday and Sunday, on which banking institutions are open for business in Toronto, Ontario.

"**Chu Chua Gold Property**" means the ten contiguous claims totaling 909.5 hectares and located 16 km northeast of the town of Barriere, British Columbia.

"**Chu Chua Option Agreement**" has the meaning set forth in section 5.1(22)(b).

"**Closing**" means the closing of the exchange of securities between the Spark Shareholders and Mongoose pursuant to the terms of this Agreement.

"**Closing Date**" means such date as Spark and Mongoose shall determine.

"**Closing Time**" means 10:00 a.m. (Toronto time) on the Closing Date.

"**Consideration Shares**" means the Mongoose Shares to be issued to holders of Spark Shares pursuant to Section 2.1.

"**Contract**" means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, purchase agreements, manufacturing, supply and distribution agreements, loan documents and security documents.

"**control**" in respect of a Person (including the terms "**controlled by**" and "**under common control with**") means the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or by other arrangement.

"**CSE**" means the Canadian Securities Exchange.

"**Disclosure Documents**" has the meaning ascribed thereto in Section 5.1(6).

"**Distribution**" means: (a) the declaration or payment of any dividend in cash, securities or property on or in respect of any class of securities of the Person or its Subsidiaries; (b) the purchase, redemption or other retirement of any securities of the Person or its Subsidiaries, directly or indirectly; or (c) any other distribution on or in respect of any class of securities of the Person or its Subsidiaries.

"**Dollars**" and "**\$**" means Canadian dollars, unless otherwise specified.

"**DRS**" means Direct Registration System, which allows registered securities to be held in electronic form.

"**Environmental Laws**" means all applicable Laws relating to the protection of human health and safety, the environment or natural environment (as defined in all such Laws including air, surface water, ground water, land surface, soil, and subsurface strata), or hazardous or toxic substances or wastes, pollutants or contaminants.

"**Governmental Authority**" means any governmental authority and includes, without limitation, any national or federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity or agency exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing.

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board as applicable in Canada

"**Income Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time.

"**Indebtedness**" means all obligations, contingent (to the extent required to be reflected in financial statements prepared in accordance with IFRS) and otherwise, which in accordance with IFRS should be classified on the obligor's balance sheet as liabilities, including without limitation, in any event and whether or not so classified: (a) all debt and similar monetary obligations, whether direct or indirect; (b) all liabilities secured by any mortgage, pledge, security interest, lien, charge or other encumbrance existing on property owned or acquired subject thereto, whether or not the liability secured thereby shall have been assumed; (c) all agreements of guarantee, support, indemnification, assumption or endorsement and other contingent obligations whether direct or

indirect in respect of Indebtedness or performance of others, including any obligation to supply funds to or in any manner to invest in, directly or indirectly, the debtor, to purchase Indebtedness, or to assure the owner of Indebtedness against loss, through an agreement to purchase goods, supplies or services for the purpose of enabling the debtor to make payment of the Indebtedness held by such owner or otherwise; (d) obligations to reimburse issuers of any letters of credit; and (e) capital leases.

**"Intellectual Property"** means any registered or unregistered trade-marks and trade-mark applications, trade names, certification marks, patents and patent applications, copyrights, domain names, industrial designs, trade secrets, know-how, formulae, processes, inventions, technical expertise, research data and other similar property, all associated registrations and applications for registration, and all associated rights, including moral rights.

**"Intellectual Property Rights"** has the meaning ascribed thereto in Section 5.1(25).

**"Laws"** mean all federal, provincial, state, municipal or local laws, rules, regulations, statutes, by-laws, ordinances, policies or orders of any federal, provincial, state, regional or local government or any subdivision thereof or any arbitrator, court, administrative or regulatory agency, commission, department, board or bureau or body or other government or authority or instrumentality or any entity or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

**"Lien"** means: (a) any encumbrance, mortgage, pledge, hypothec, prior claim, lien, charge or other security interest of any kind upon any property or assets of any character, or upon the income or profits therefrom; (b) any acquisition of or agreement to have an option to acquire any property or assets upon conditional sale or other title retention agreement, device or arrangement (including a capitalized lease); or (c) any sale, assignment, pledge or other transfer for security of any accounts, general intangibles or chattel paper, with or without recourse.

**"Material Adverse Change"** or **"Material Adverse Effect"** with respect to Mongoose or Spark, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is materially adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of Mongoose or Spark, as the case may be, on a consolidated basis, other than any such Material Adverse Change or Material Adverse Effect resulting from changes in the economy in general or to Mongoose's or Spark's industry, as the case may be, in particular, provided that such changes do not affect Mongoose or Spark, as the case may be, in a manner disproportionate to the other participants in such industry.

**"Mining Rights"** has the meaning set forth in Section 5.1(46).

**"Mongoose Assets"** means the Assets of Mongoose.

**"Mongoose Business"** means the acquisition and exploration of mineral property assets.

**"Mongoose Consolidation"** means the consolidation by Mongoose of the Mongoose Shares on the basis of one post-consolidation Mongoose Share for every 2.85 pre-consolidation shares.

**"Mongoose Financial Statements"** means the audited financial statements of Mongoose for the years ended December 31, 2020 including the report of the auditors thereon, as disclosed by Mongoose on SEDAR.

**"Mongoose Material Contracts"** has the meaning ascribed thereto in Section 5.1(22).

**"Mongoose Options"** means the stock options entitling the holders thereof to acquire Mongoose Shares granted pursuant to the Mongoose Stock Option Plan as of the date hereof.

**"Mongoose Shares"** means the common shares in the capital of Mongoose.

**"Mongoose Shareholders"** means the holders of Mongoose Shares.

**"Mongoose Stock Option Plan"** means the stock option plan of Mongoose, under which options to purchase up to 10% of the issued and outstanding Mongoose Shares may be issued in accordance with the policies of the CSE.

**"Mongoose Warrants"** means 292,800 common share purchase warrants (pre-Mongoose Consolidation) each entitling the holder thereof to acquire one Mongoose Share at any time on or before November 28, 2021 at an exercise price of \$0.10.

**"Ordinary Course of Business"** means activities that are routine or that occur with regularity in the ordinary course of the business of Spark or Mongoose, as applicable, and in a manner consistent with the usual custom and past practice of Spark or Mongoose, as applicable.

**"Permits"** means, in respect of a person, all permits, certificates, licences, variances, qualifications, exemptions, orders, approvals and other authorizations of all Governmental Authorities or other third parties necessary for the lawful conduct of the business of the person or any of its subsidiaries.

**"Permitted Liens"** means:

- (a) undetermined or inchoate Liens and charges incidental to construction, maintenance or operations or otherwise relating to the Ordinary Course of Business which have not at the time been filed pursuant to law;
- (b) Liens for taxes and assessments for the then current year, Liens for taxes and assessments not at the time overdue, Liens securing worker's compensation assessments and Liens for specified taxes and assessments which are overdue (and which have been disclosed to the other parties to this Agreement) but the validity of which is being contested at the time in good faith, if the Person shall have made on its books provision reasonably deemed by it to be adequate therefor;
- (c) cash or governmental obligations deposited in the Ordinary Course of Business in connection with contracts, bids, tenders or to secure worker's compensation, unemployment insurance, surety or appeal bonds, costs of litigation, when required by law, public and statutory obligations, Liens or claims incidental to current construction, and mechanics', warehousemen's, carriers' and other similar Liens;



- (d) all rights reserved to or vested in any governmental body by the terms of any lease, licence, franchise, grant or permit held by it or by any statutory provision to terminate any such lease, licence, franchise, grant or permit or to require annual or periodic payments as a condition of the continuance thereof or to distrain against or to obtain a Lien on any of its property or assets in the event of failure to make such annual or other periodic payments; and
- (e) Purchase Money Obligations.

"**Person**" means an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.

"**Private Placement**" means the non-brokered private placement of subscription receipts for aggregate gross proceeds to Spark of a minimum of \$1,000,000 with each subscription receipt having an issue price of \$0.25 and being exercisable without payment of any additional consideration into one Spark Share on the satisfaction of the applicable release conditions.

"**Private Placement Shareholders**" means holders of Spark Shares that acquired such shares pursuant to the Private Placement.

"**Properties**" means the exploration licences comprising the Londonderry / Bass River Property in Nova Scotia, Canada owned by Spark and the mineral claims comprising the Sheba Property in New Brunswick, Canada all as set forth on Schedule "B".

"**Purchase Money Obligations**" means Indebtedness of a debtor, reflected in the debtor's financial statements, and incurred or assumed to finance the purchase or acquisition, in whole or in part, of any tangible real or personal property or incurred to finance the cost, in whole or in part, of the construction or installation of any tangible personal property, provided, however, that such Indebtedness is incurred or assumed at the time of or within 30 days after the purchase of such property or the completion of such construction or installation, as the case may be, and includes any extension, renewal or refinancing of any such Indebtedness so long as the principal amount thereof outstanding at the date of such extension, renewal or refinancing is not increased.

"**Purchased Shares**" has the meaning given to such term in the recitals to this Agreement.

"**Resulting Issuer**" means Mongoose upon completion of the transactions contemplated herein.

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer.

"**Royalty**" has the meaning set forth in Schedule "B".

"**Securities Commissions**" means the securities commission or equivalent in Ontario, Alberta, Saskatchewan, Yukon Territory and British Columbia.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Share Exchange**" means the share exchange of Spark Shares for Mongoose Shares, all as provided for herein, pursuant to which Mongoose will directly and indirectly own all of the Spark Shares.

"**Spark**" means Spark Minerals Inc., a company incorporated under the laws of the Province of Nova Scotia.

"**Spark Assets**" means the Assets of Spark.

"**Spark Business**" means the acquisition, exploration and evaluation of mineral properties.

"**Spark Financial Statements**" means, collectively, the audited financial statements of Spark for the financial periods ended December 31, 2020 and 2019;

"**Spark Material Contract**" has the meaning set forth in Section 3.1(18).

"**Spark Options**" means 360,000 options each of which entitles the holder thereof to acquire one Spark Share at a price of \$0.025 per share at any time on or before September 30, 2025.

"**Spark Shareholders**" means the holders of all the Spark Shares as of the Closing Time.

"**Spark Shares**" means, collectively, the issued and outstanding common shares of Spark.

"**Subsidiary**" shall have the same meaning as the term "subsidiary companies" in the *Securities Act* (Ontario).

"**Tax**" or "**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative net worth, transfer, profits, withholding, payroll, employer health, employer safety, workers compensation, excise, immovable property and moveable property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan, Social Security and provincial plan contributions and workers compensation premiums, together with any interest, fines and penalties imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not.

"**Technical Report**" means the report entitled Technical Report on the Chu Chua Gold Property, British Columbia, Canada dated April 15, 2019 and prepared by R.I. Thompson of RIT Minerals (RITM) Corp.

## **Section 1.2 Hereof, Herein, etc.**

The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified herein, the term "or" has the inclusive meaning represented by the term "and/or" and the term "including" is not limiting. All references as to "Sections", "Subsections", "Articles", "Schedules" and "Exhibits" shall be to Sections, Subsections, Articles, Schedules and Exhibits, respectively, of this Agreement unless otherwise specifically provided.

### **Section 1.3 Computation of Time Periods**

In the computation of periods of time from a specified date to a later specified date, unless otherwise specified herein, the words "commencing on" mean "commencing on and including", the word "from" means "from and including" and the words "to" and "until" each means "to and including".

## **ARTICLE 2 AGREEMENT TO EXCHANGE**

### **Section 2.1 Issuance of Consideration Shares**

- (1) Purchase of Spark Shares from Spark Shareholders:
  - (a) Subject to all of the terms and conditions hereof and in reliance on the representations and warranties set forth or referred to herein, at the Closing Time the Spark Shareholders severally agree to exchange, transfer and assign all of their Purchased Shares to Mongoose in consideration on the basis of one Mongoose Share (after giving effect to the Mongoose Consolidation) (the "**Consideration Shares**") for each Purchased Share (the "**Exchange Ratio**").
  - (b) The exchange, transfer and assignment of Spark Shares for the Consideration Shares shall proceed for all, and not less than all, of the issued and outstanding Spark Shares at the Closing Time.
  - (c) The outstanding convertible securities of Spark will become exchangeable for securities of Mongoose (after giving effect to the Mongoose Consolidation) in accordance with their terms following completion of the Share Exchange.

### **Section 2.2 Purchase of Entire Interest.**

It is the understanding of the parties hereto that this Agreement shall provide for the purchase of all of the Spark Shares that are owned or held by the Spark Shareholders at the Closing Time, whether the same are owned as at the date hereof or are acquired after the date hereof, and Spark therefore covenants and agrees with Mongoose that if, prior to the Closing Date, any person acquires any further shares or securities of Spark or rights to acquire any shares or securities of Spark, in addition to those set forth in this Agreement and including, without limitation the Private Placement Shareholders, then such shares or securities of Spark shall be issued subject to the purchaser of such shares or securities agreeing to be bound by the terms of this Agreement.

### **Section 2.3 Restrictions on Securities**

The parties acknowledge and agree that the Consideration Shares to be issued to the Spark Shareholders pursuant to Section 2.1 hereof will be subject to compliance with restrictions on transfer under Applicable Securities Laws.

**Section 2.4 Closing and Delivery of Certificates**

- (a) The Closing shall take place at the Toronto offices of Fogler, Rubinoff LLP, Suite 3000, 77 King Street West, Toronto, Ontario, M5K 1G8, at the Closing Time on the Closing Date, or as Spark and Mongoose may otherwise agree.
- (b) Subject to compliance with the terms of this Agreement, Mongoose shall, or shall cause its transfer agent to, deliver to each Spark Shareholder at the Closing Time certificates or DRs registered in the name of such Spark Shareholder (or as such Spark Shareholder may direct prior to the Closing Date) representing such number of Consideration Shares as set forth on Schedule "A".

**Section 2.5 Escrow**

Spark Shareholders acknowledge that, depending on the size of their holdings and their relationship to Spark and Mongoose, the Consideration Shares acquired by them pursuant to this Agreement may be escrowed pursuant to the policies of the CSE and such Spark Shareholders covenant to take all steps to comply with such policies.

**Section 2.6 Effective Date**

- (a) The exchange of Spark Shares for the Consideration Shares shall take effect at the Closing Time.
- (b) Any Distributions received in respect of the Spark Shares by the Spark Shareholders from and after the Closing Time shall be held by them in trust for Mongoose and shall, upon receipt, be paid to Mongoose forthwith and Mongoose shall be entitled to all Distributions in respect of the Spark Shares accrued or accruing to the Spark Shareholders from and after the Closing Time.

**Section 2.7 Section 85 Election**

Mongoose covenants and agrees to elect jointly with any Spark Shareholder who is resident of Canada for the purposes of the Income Tax Act and who so requests under subsection 85(1) of the Income Tax Act in prescribed form and within the prescribed time for the purposes of the Income Tax Act, and shall therein agree to elect in respect of the Consideration Shares beneficially owned by such Spark Shareholder, an amount as the Spark Shareholder shall direct, but within the limitations imposed under subsection 85(1) of the Income Tax Act, which shall be deemed to be the Spark Shareholder's proceeds of disposition thereof and Mongoose's cost thereof. Any such election shall be prepared at the sole expense of the Spark Shareholder, and the Shareholder shall provide a completed copy of the election form (Form T2057) to Mongoose. Subject to the election form being correct and complete and complying with the provisions of the Income Tax Act, the election form will be signed by Mongoose and returned to the Spark Shareholder within 30 days after the receipt thereof by Mongoose for filing with the Canada Revenue Agency. Mongoose will not be responsible for the proper or accurate completion of any election or to check or verify the content of any election form and, except for Mongoose's obligation to return duly completed election forms within 30 days after the receipt thereof by Mongoose, Mongoose will not be responsible for any taxes, interest or penalties or any other costs or damages resulting from the

failure by a Spark Shareholder to properly and accurately complete or file the necessary election form in the form and manner and within the time prescribed by the Income Tax Act.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF SPARK**

In order to induce Mongoose to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Spark hereby represents and warrants as at the date hereof and as at the Closing Time as follows to and in favour of Mongoose and acknowledges that Mongoose is relying upon such representations and warranties in connection with the Share Exchange:

#### **Section 3.1 Representations and Warranties**

(1) Spark is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and corporate authority and is duly qualified and holds all Permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Spark Business as now conducted and to own, lease or operate its Assets and neither Spark nor, to the knowledge of Spark, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of Spark, and Spark has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.

(2) The authorized capital of Spark consists of an unlimited number of Spark Shares, of which 24,500,000 Spark Shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Spark which will be exchanged for 24,500,000 Spark Shares.

(3) Spark does not have any outstanding agreements, subscriptions, warrants, options or commitments (pre-emptive, contingent or otherwise), nor has it granted any rights or privileges capable of becoming an agreement, subscription, warrant, option or commitment, obligating Spark to offer, sell, repurchase or otherwise acquire, transfer, pledge or encumber any shares in the capital of Spark, or other securities, nor are there outstanding any securities or obligations of any kind convertible into or exercisable or exchangeable for any capital stock of Spark. There are no outstanding bonds, debentures or other evidences of Indebtedness of Spark having the right to vote or that are exchangeable or convertible for or exercisable into securities having the right to vote with Spark Shareholders on any matter as of the date hereof.

(4) Spark has no direct or indirect subsidiaries or any investment in any Person or any agreement, option or commitment to acquire any such investment.

(5) Spark is and has been conducting the Spark Business in compliance in all material respects with all applicable laws and regulations of each jurisdiction in which it carries on the Spark Business and Spark has not received and is not aware of a notice of non-compliance with respect to such business, and, to the knowledge of Spark, there are no facts that would give rise to a notice of non-compliance with any such laws and regulations.

(6) No consent, approval, order or authorization of, or registration, declaration or filing with, or notice to, any third party or Governmental Authority is required by or with respect to Spark in connection with the execution and delivery of this Agreement by Spark, the performance of its

obligations hereunder, the completion of the Share Exchange or the consummation by Spark of the transactions contemplated hereby.

(7) Each of the execution and delivery of this Agreement, the performance by Spark of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Share Exchange, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, (whether after notice or lapse of time or both), (i) any law, statute, rule or regulation or any Permit applicable to Spark or the Resulting Issuer, as applicable, including Applicable Securities Laws; (ii) the constating documents, by-laws or resolutions of Spark; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which Spark is a party or by which it is bound; or (iv) any judgment, decree or order binding Spark or its Assets.

(8) This Agreement has been duly authorized and executed by Spark and constitutes a valid and binding obligation of Spark and shall be enforceable against Spark in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.

(9) Other than this Agreement, Spark is not currently a party to any agreement (whether binding or non-binding) in respect of: (i) the purchase or option of any of its Assets or any interest therein or (ii) the sale, transfer, option or other disposition of any of its Assets or any interest therein currently owned, directly or indirectly, by Spark whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of Spark (whether by sale or transfer of shares or otherwise).

(10) The Spark Financial Statements have been prepared in accordance with Accounting Standards for Private Enterprises reconciled to IFRS and are true, correct and complete in all material respects and present fairly the financial condition (including the assets and liabilities) of Spark as of their respective dates and there has been no change in accounting policies or practices of Spark since the date of the financial statements.

(11) Spark is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted, by Spark have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all tax returns, declarations, remittances and filings required to be filed by Spark have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Spark, no examination of any tax return of Spark is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Spark. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Spark.

(12) Spark has established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no Liens for Taxes on the Assets of Spark, and there are no audits pending of the tax returns of Spark (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authorities of any deficiency that would result in a Material Adverse Effect.

(13) No holder of outstanding securities in the capital of Spark is entitled to any pre-emptive or any similar rights to subscribe for any Spark Shares or other securities of Spark and no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of Spark are outstanding other than the Spark Options.

(14) No third party has any ownership right, title, interest in, claim in, Lien against or any other right to the Assets purported to be owned by Spark.

(15) No legal, regulatory or governmental actions, suits, litigation, judgments, investigations or proceedings are pending to which Spark, or to the knowledge of Spark, the directors, officers or employees of Spark are a party or to which the Assets of Spark is not subject and, to the knowledge of Spark, no such proceedings have been threatened against or are pending with respect to Spark, or with respect to its Assets and Spark is not subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(16) Spark is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any Contract to which it is a party or by which it or its Assets and Property may be bound.

(17) Spark is duly licensed, registered and qualified, in all material respects, and possesses all material certificates, authorizations, permits or licenses issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its business to be carried on as now conducted, to enable its property and assets to be owned, leased and operated as they are now, and all such licenses, registrations and qualifications are in good standing, in all material respects and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect on the Spark Business, as now conducted or proposed to be conducted.

(18) The material contracts of Spark (i.e., the "**Spark Material Contracts**") are as disclosed in Schedule "C".

(19) All Spark Material Contracts are in good standing in all material respects and in full force and effect.

(20) Spark is not, nor to the knowledge of Spark, is any other party thereto in material default or breach of any Spark Material Contract and to the knowledge of Spark, there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Spark Material Contract which would give rise to a right of termination on the part of any other party to a Spark Material Contract.

(21) Spark is the sole and exclusive owner of all right, title and interest in and to, or has a valid and enforceable right to use pursuant to a written license, all Intellectual Property Rights reasonably necessary to conduct its business as now conducted or proposed to be conducted. To the knowledge of Spark, Spark's Business as now conducted or proposed to be conducted, does not infringe, conflict with or otherwise violate any Intellectual Property Rights of others, and Spark has not received, and has no reason to believe that it will receive, any notice of infringement or conflict with asserted Intellectual Property Rights of others, or any facts or circumstances which would render any Intellectual Property Rights invalid or inadequate to protect the interest of Spark therein. To the knowledge of Spark, there is no infringement by third parties of any Intellectual Property Rights owned by Spark. There is no pending or, to the knowledge of Spark, threatened action, suit, proceeding or claim relating to Intellectual Property Rights owned by Spark. Spark is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity. All licenses for Intellectual Property Rights owned or used by Spark are valid, binding upon and enforceable by or against Spark and, to Spark's knowledge, against the parties thereto in accordance with their terms. To the knowledge of Spark, none of the technology employed by Spark has been obtained or is being used by Spark in violation of any contractual obligation binding on Spark or, to Spark's knowledge, any of its officers, directors or employees or otherwise in violation of the rights of any third party. Spark does not have knowledge of any claims of third parties to any ownership interest or lien with respect to Spark's or its licensors' Intellectual Property. Spark does not know of any facts which would form a basis for a finding of unenforceability or invalidity of any of the Intellectual Property of Spark. Spark has taken all commercially reasonable steps to protect, maintain and safeguard its rights in all material Intellectual Property Rights, including the execution of appropriate assignment, nondisclosure and confidentiality agreements.

(22) Spark does not occupy any premises as tenant for the conduct of the Spark Business.

(23) There is no agreement, plan or practice of Spark relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance health or other employee benefit other than in the ordinary course of business or in respect of professional service fees.

(24) Other than (a) such exceptions as are not material to it and (b) the Royalty: (i) Spark is the absolute legal and beneficial owner of all of the material Assets of Spark, including, without limitation, the Properties and any other claims, exploration permits, concessions, licences, rights, leases or other instruments conferring the rights and all other interests in natural resource properties held by Spark, free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever; (ii) no other material property rights are necessary for the conduct of current business of Spark in respect of the properties Spark currently holds; and (iii) there are no material restrictions on the ability of Spark to use, transfer or otherwise exploit any such property rights, and Spark does not know of any claim or basis for a claim that may materially adversely affect such rights.

(25) All material Mining Rights in which Spark holds an interest or right have been validly registered and recorded in accordance in all material respects with all applicable laws and are valid and subsisting; Spark has all necessary surface rights, access rights and other necessary rights and interests in respect of the Properties and any other of its properties granting Spark the right to



explore for minerals, ore and metals for development or production purposes as are appropriate or applicable in view of the use made and the rights and interest therein of Spark, with only such exceptions as do not materially interfere with the use made by Spark of the rights or interests so held and each of the proprietary interests or rights and each of the documents, agreements and instruments and obligations relating thereto referred to above is currently in good standing in the name of Spark.

(26) Any and all of the agreements and other documents and instruments pursuant to which Spark holds its Properties thereof are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof, Spark is not in material default of any of the material provisions of any such agreements, documents or instruments, nor to Spark's knowledge, has any such default been alleged, and such properties and jurisdictions in which they are situated, all leases, rights, licenses, decrees and claims pursuant to which Spark derives the interests thereof in such Assets are in good standing and there has been no material default under any such lease, right, license, decree or claim and all taxes required to be paid with respect to such Assets to the date hereof have been paid.

(27) Any and all operations of Spark, and to the best of the Spark's knowledge, information and belief, any and all operations by predecessors, on or in respect of the Assets of Spark have been conducted substantially in accordance with good mining and engineering practices and all applicable material workers' compensation and health and safety and workplace laws, regulations and policies have been complied with in all material respects.

(28) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Spark has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Spark, are pending, contemplated or threatened by any regulatory authority.

(29) 24,500,000 Spark Shares are issued and outstanding as fully paid and non-assessable shares in the capital of Spark and no securities convertible into Spark Shares are outstanding as of the date hereof other than the Spark Options.

(30) Spark has provided Mongoose with copies of all material agreements, other than any agreements in the Ordinary Course of Business, with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Spark and Spark has no benefit plans, bonus plans or deferred compensation plans.

(31) Other than in connection with the purchase of the Properties (including the Royalty), none of the directors, officers or employees of Spark or any associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Spark that materially affects, is material to or will materially affect Spark.

(32) There is no agreement, plan or practice of Spark relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the Ordinary Course of Business or in respect of professional service fees.

(33) Spark has no, and since incorporation has not had any, employees or consultants, other than Terry Coughlan.

(34) Other than the Spark stock option plan under which the Spark Options are outstanding and a restricted share unit plan under which no restricted share units are outstanding, Spark does not have any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Spark for the benefit of any current or former director, officer, employee or consultant of Spark, each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations.

(35) The minute books and records of Spark have been made available to counsel for Mongoose in connection with the due diligence investigation of Spark for the period from the date of incorporation to the date hereof, and are all of the minute books of Spark and contain copies of all proceedings (or certified copies thereof or drafts thereof pending approval) of the shareholders, the directors and all committees of directors of Spark to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Spark to the date hereof not reflected in such minute books.

(36) Other than as set forth in Section 4.7, there is no Person acting at the request or on behalf of Spark that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.

(37) Spark is in compliance, in all material respects, with all Environmental Laws.

(38) Spark has not received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Law. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the Assets of Spark which are material to Spark, nor has Spark received notice of any of the same.

(39) Spark has not received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws and Spark has not received any request for information in connection with any federal, state, provincial, municipal or local inquiries as to disposal sites.

(40) To the knowledge of Spark, after due inquiry, there are no pending or proposed changes to Environmental Laws that are likely to have a Material Adverse Effect on Spark.

(41) To the knowledge of Spark, after due inquiry, Spark has not caused or permitted, nor does Spark have any knowledge of, the release, escape or other disposal, in any manner whatsoever, of hazardous wastes or substances on or from any of its properties (including any leased property) or Asset or facility that it previously owned or leased, or any such release on or from a facility owned or operated by another person but with respect to which Spark is or may reasonably be alleged to have liability.

(42) Spark has good and marketable title to its Assets free and clear of any actual, pending or, to the knowledge and belief of Spark, threatened claims, Liens, charges, options, set-offs, encumbrances or security interests whatsoever, including, without limitation any action, proceeding or investigation affecting title to its Assets before any Governmental Authority other than the Royalty.

(43) No representation or warranty by Spark in this Agreement or any document furnished or to be furnished by Spark to Mongoose in accordance with this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

#### **ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE SPARK SHAREHOLDERS**

Each Spark Shareholder severally represents and warrants to Mongoose as follows (as to itself and not any other Spark Shareholder):

##### **Section 4.1 Capacity**

The Spark Shareholder has the power and authority to own or hold the Purchased Shares. The Spark Shareholder has the power and authority to enter into this Agreement and to perform its obligations hereunder.

##### **Section 4.2 Execution and Delivery**

This Agreement and any other agreement contemplated by this Agreement has been duly executed and delivered by the Spark Shareholder and will result in legally binding obligations of the Spark Shareholder enforceable against it in accordance with the respective terms and provisions hereof and thereof subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

##### **Section 4.3 Corporate Action**

The execution and delivery of this Agreement and such other agreements and instruments and the consummation of the transaction have been duly authorized by all necessary corporate action on the part of each corporate Spark Shareholder, as may be required.

##### **Section 4.4 No Violation**

The execution and delivery of this Agreement, the transfer of the Purchased Shares held by it, as applicable, and the performance, observance or compliance with the terms of this Agreement by the Spark Shareholder will not violate, constitute a default under, conflict with, or give rise to any requirement for a waiver or consent under:

- (a) any provision of law or any order of any court or other governmental agency applicable to the Spark Shareholder;

- (b) the Articles of the Spark Shareholder, if applicable;
- (c) any provision of any agreement, instrument or other obligation to which the Spark Shareholder is a party or by which the Spark Shareholder is bound; or
- (d) any applicable judgment, writ, decree, order or Laws applicable to the Spark Shareholder.

#### **Section 4.5 Litigation**

There is no pending suit, action, legal proceeding, litigation or governmental investigation of any sort or, to the knowledge of the Spark Shareholder after due inquiry, threatened or contemplated, which would:

- (a) in any manner restrain or prevent the Spark Shareholder from effectually or legally exchanging the Purchased Shares held by it in accordance with this Agreement;
- (b) cause any Lien to be attached to the Purchased Shares held by it;
- (c) divest title to the Purchased Shares held by it; or
- (d) make Mongoose or Spark liable for damages in connection with the transaction contemplated herein.

#### **Section 4.6 Ownership**

The Spark Shareholder is the registered owner of those Purchased Shares set forth opposite its name on Schedule "A" hereto, free and clear of any Liens. The Spark Shareholder has good and marketable title to the Purchased Shares, free of all mortgages, charges, liens, pledges, claims, security interests and agreements and other encumbrances of whatsoever nature and no person or entity has any agreement or option or right capable of becoming an agreement or option for the purchase from the Spark Shareholder of any of the Purchased Shares held by it, and the Spark Shareholder has good right, full power and absolute authority to sell, transfer and assign all of the Purchased Shares held by it to Mongoose for the purpose and in the manner as provided for in this Agreement and the Purchased Shares held by it constitute all of the Spark Shares owned or controlled, directly or indirectly, by the Spark Shareholder. The Purchased Shares held by the Spark Shareholder are not subject to any shareholder, pooling, escrow or similar agreements.

#### **Section 4.7 Finders Fees**

Other than the agreement with Paul Larkin to issue him 500,000 post-Consolidation Mongoose Shares, the Spark Shareholder has not entered into any agreement that would entitle any person to any valid claim against Mongoose for a broker's commission, finder's fee, or any like payment in respect of the exchange of the Spark Shares or any other matters contemplated by this Agreement and, in the event that any Person acting or purporting to act for such Spark Shareholder establishes a claim for any fee from Mongoose, such Spark Shareholder severally covenants to indemnify and hold harmless Mongoose with respect thereto and with respect to all costs reasonably incurred in the defence thereof.

**Section 4.8 Survival of Representations and Warranties**

The representations and warranties of each Spark Shareholder contained in this Agreement shall survive the execution and delivery of this Agreement.

**ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF MONGOOSE**

Mongoose hereby represents and warrants as follows to and in favour of Spark and all the Spark Shareholders as at the Closing Time and Mongoose acknowledges that Spark and such Spark Shareholders are relying upon such representations and warranties in connection with the Share Exchange (references herein to Mongoose include, where applicable, Mongoose's subsidiaries and affiliates):

**Section 5.1 Representations and Warranties**

(1) Mongoose is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and corporate authority and is duly qualified and holds all material Permits, licences, registrations, qualifications, consents and authorizations necessary or required to carry on the Mongoose Business as now conducted and to own, lease or operate its Assets and neither Mongoose nor, to the knowledge of Mongoose, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing Mongoose's dissolution or winding up of Mongoose, and Mongoose has all requisite corporate power and corporate authority to enter into this Agreement.

(2) The authorized capital of Mongoose consists of an unlimited number of Mongoose Shares, of which 9,403,000 Mongoose Shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Mongoose. Following the Mongoose Consolidation, and immediately prior to the Closing Time, there will be approximately 3,299,298 Mongoose Shares issued and outstanding as fully paid and non-assessable shares in the capital of Mongoose, assuming no Mongoose Options or Mongoose Warrants are exercised prior to the Closing Time.

(3) Except for 927,800 Mongoose Options and 309,267 Mongoose Warrants outstanding prior to the Mongoose Consolidation, Mongoose does not have any outstanding agreements, subscriptions, warrants, options or commitments (pre-emptive, contingent or otherwise), nor has it granted any rights or privileges capable of becoming an agreement, subscription, warrant, option or commitment, obligating Mongoose to offer, sell, repurchase or otherwise acquire, transfer, pledge or encumber any shares in the capital of Mongoose, or other securities, nor are there outstanding any securities or obligations of any kind convertible into or exercisable or exchangeable for any capital stock of Mongoose other than 400,000 Mongoose Shares (prior to the Mongoose Consolidation) that are to be issued under the Chu Chua Option Agreement. There are no outstanding bonds, debentures or other evidences of Indebtedness of Mongoose having the right to vote or that are exchangeable or convertible for or exercisable into securities having the right to vote with Mongoose Shareholders on any matter as of the date hereof.

(4) Mongoose has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment.

(5) Mongoose is a "reporting issuer" as that term is defined under Applicable Securities Laws in each of the provinces of Ontario, Alberta, Saskatchewan and British Columbia and the Yukon Territory and is not in default of the requirements of the Applicable Securities Laws in such jurisdictions in any material respect.

(6) Mongoose has filed all material documents and information required to be filed by it, whether pursuant to Applicable Securities Laws, with the applicable securities commissions (the "**Disclosure Documents**"), except where non-compliance has not had, and would not reasonably be expected to have, a Material Adverse Effect, and Mongoose does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the Applicable Securities Laws in the jurisdictions they were filed; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact regarding Mongoose or omitted to state a material fact regarding Mongoose required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(7) Mongoose has been conducting the Mongoose Business in compliance with all applicable laws and regulations of each jurisdiction in which it carries on the Mongoose Business and has not received a notice of material non-compliance, and there are no facts that would give rise to a notice of material non-compliance with any such laws and regulations.

(8) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to Mongoose in connection with the execution and delivery of this Agreement by Mongoose, the performance of their obligations hereunder or the consummation by Mongoose of the transactions contemplated hereby other than: (i) the approval of the Share Exchange by the CSE and the listing of the Resulting Issuer Shares on the CSE, if applicable; and (ii) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement.

(9) Each of the execution and delivery of this Agreement, the performance by Mongoose of its obligations hereunder, the issue of the Resulting Issuer Shares and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (i) any law, statute, rule or regulation applicable to Mongoose including Applicable Securities Laws; (ii) the constating documents, by-laws or resolutions of Mongoose which are in effect as at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which Mongoose is a party or by which it is bound; or (iv) any judgment, decree or order binding Mongoose its Assets.

(10) This Agreement has been duly authorized and executed by Mongoose and constitutes a valid and binding obligation of Mongoose and is enforceable against Mongoose in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.

(11) Other than this Agreement, Mongoose is not currently party to any agreement in respect of: (i) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Mongoose whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of Mongoose (whether by sale or transfer of shares or otherwise).

(12) The Mongoose Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Mongoose as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions for all reasonably anticipated liabilities, expenses and losses of Mongoose in accordance with IFRS and there has been no change in accounting policies or practices of Mongoose since December 31, 2020.

(13) Mongoose is a taxable Canadian corporation and all Taxes due and payable or required to be collected or withheld and remitted by Mongoose have been paid, collected or withheld and remitted as applicable, except for where the failure to pay such Taxes would not have a Material Adverse Effect. Except to the extent that failure to do so would not have a Material Adverse Effect, all tax returns, declarations, remittances and filings required to be filed by Mongoose have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Mongoose, no examination of any tax return of Mongoose is currently in progress by any Governmental Authority and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Mongoose. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Mongoose.

(14) Mongoose has established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the assets of Mongoose that are material, and there are no audits pending of the tax returns of Mongoose (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any governmental agency of any deficiency that would result in a Material Adverse Effect.

(15) Mongoose's Auditors are independent public accountants and there has never been any reportable event (within the meaning of National Instrument 51-102) with the present or any former auditors of Mongoose.

(16) No holder of outstanding shares in the capital of Mongoose is entitled to any pre-emptive or any similar rights to subscribe for any Mongoose Shares or other securities of Mongoose and, other than pursuant to this Agreement, there are no rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of Mongoose.

(17) No third party has any ownership right, title, interest in, claim in, lien against or any other right to the Assets purported to be owned by Mongoose.

(18) Mongoose's assets are not insured against loss or damages.

(19) No legal or governmental actions, suits, judgments, investigations or proceedings are pending to which Mongoose, or to the knowledge of Mongoose, the directors, officers or employees of Mongoose are a party or to which the Assets of Mongoose are subject that would result in a Material Adverse Effect and, to the knowledge of Mongoose, no such proceedings have been threatened against or are pending with respect to Mongoose, or with respect to its Assets and Mongoose is not subject to any judgment, order, writ, injunction, decree or award of any Governmental Authority, which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(20) Mongoose is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any Contract to which it is a party or by which it or its property may be bound.

(21) Mongoose is duly licensed, registered and qualified, in all material respects, and possesses all material certificates, authorizations, permits or licenses issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its business to be carried on as now conducted and as proposed to be conducted, to enable its property and assets to be owned, leased and operated as they are now, and all such licenses, registrations and qualifications are in good standing, in all material respects and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect on the Mongoose Business, as now conducted or proposed to be conducted.

(22) Mongoose is not party to any material Contract, written or oral, other than:

- (a) this Agreement;
- (b) a property option agreement dated January 24, 2018 (the "**Chu Chua Option Agreement**") made among Mongoose, Ken Elerrbeck and Gerald Locke with respect to the Chu Chua Gold Property;
- (c) an escrow agreement dated June 11, 2019 between Mongoose, Olympia Trust Company and certain holders of Mongoose Shares; and
- (d) a registrar and transfer agency agreement dated as of February 26, 2019 between Mongoose and Olympia Trust Company (collectively, the "**Mongoose Material Contracts**").

(23) All Mongoose Material Contracts are in good standing in all material respects and in full force and effect.

(24) Neither Mongoose nor, to the knowledge of Mongoose, any other party thereto is in material default or breach of any Mongoose Material Contract and there exists no condition, event or act which, with the giving of notice or lapse of time or both, would constitute a material default or breach under any Mongoose Material Contract which would give rise to a right of termination on the part of any other party to a Mongoose Material Contract.



(25) Mongoose is the sole and exclusive owner of all right, title and interest in and to, or has a valid and enforceable right to use pursuant to a written license, all trademarks, trade names, service marks, patents, patent applications, other patent rights, copyrights, domain names, software, inventions, processes, databases, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other similar intellectual property rights, whether registered or unregistered and in any jurisdiction (collectively, "**Intellectual Property Rights**") reasonably necessary to conduct its business as now conducted or proposed to be conducted. To the knowledge of Mongoose, Mongoose's Business as now conducted or proposed to be conducted, does not infringe, conflict with or otherwise violate any Intellectual Property Rights of others, and Mongoose has not received, and has no reason to believe that it will receive, any notice of infringement or conflict with asserted Intellectual Property Rights of others, or any facts or circumstances which would render any Intellectual Property Rights invalid or inadequate to protect the interest of Mongoose therein. To the knowledge of Mongoose, there is no infringement by third parties of any Intellectual Property Rights owned by Mongoose. There is no pending or, to the knowledge of Mongoose, threatened action, suit, proceeding or claim relating to Intellectual Property Rights owned by Mongoose. Mongoose is not a party to or bound by any options, licenses or agreements with respect to the Intellectual Property Rights of any other person or entity. All licenses for Intellectual Property Rights owned or used by Mongoose are valid, binding upon and enforceable by or against Mongoose and, to Mongoose's knowledge, against the parties thereto in accordance with their terms. To the knowledge of Mongoose, none of the technology employed by Mongoose has been obtained or is being used by Mongoose in violation of any contractual obligation binding on Mongoose or, to Mongoose's knowledge, any of its officers, directors or employees or otherwise in violation of the rights of any third party. Mongoose does not have knowledge of any claims of third parties to any ownership interest or lien with respect to Mongoose's or its licensors' Intellectual Property. Mongoose does not know of any facts which would form a basis for a finding of unenforceability or invalidity of any of the Intellectual Property of Mongoose. Mongoose has taken all commercially reasonable steps to protect, maintain and safeguard its rights in all material Intellectual Property Rights, including the execution of appropriate assignment, nondisclosure and confidentiality agreements.

(26) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Mongoose (including the Mongoose Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Mongoose, are pending, contemplated or threatened by any regulatory authority.

(27) Mongoose does not occupy any premises as tenant for the conduct of the Mongoose Business.

(28) Mongoose is not party to any agreement, nor, to the knowledge of Mongoose, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of Mongoose.

(29) There is no agreement, plan or practice of Mongoose relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business or in respect of professional service fees.

(30) Mongoose is not a party to any collective agreement, letter of understanding or other written agreement with any trade union.

(31) There are no unfair labour practice charges which have been initiated or threatened in writing by or on behalf of any employee or group of employees of Mongoose.

(32) There are no complaints, charges, orders, investigations, prosecutions, proceedings or claims against Mongoose initiated or threatened in writing to be brought or filed, with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any individual by Mongoose including pursuant to employment or labour standards, employment equity, pay equity, labour relations, workers' compensation or workplace safety and insurance, occupational health and safety, privacy, wrongful dismissal or human rights laws, other than any such complaints, charges, orders, investigations, prosecutions, proceedings or claims which do not constitute a Material Adverse Effect.

(33) Mongoose is in compliance with all laws and regulations respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where such non-compliance would not constitute a Material Adverse Effect.

(34) No employee has any agreement as to the length of notice required to terminate his or her employment with Mongoose in excess of twelve months or equivalent compensation and all benefit or pension plans of Mongoose are funded in accordance with applicable Laws and no past service funding liability exist thereunder.

(35) Except the Mongoose Stock Option Plan, Mongoose does not have any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Mongoose for the benefit of any current or former director, officer, employee or consultant of Mongoose, each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations.

(36) None of the directors or officers of Mongoose has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Mongoose that materially affects, is material to or will materially affect Mongoose. Mongoose is not indebted to: (i) any director, officer or shareholder of Mongoose; (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this Section 5.1(36). None of those Persons referred to in this Section 5.1(36) is indebted to Mongoose. Mongoose is not currently a party to any material Contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Mongoose.

(37) The minute books and records of Mongoose made available to counsel for Spark in connection with the due diligence investigation of Mongoose for the period from the date of incorporation to the date hereof are all of the minute books of Mongoose and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the directors and all

committees of directors of Mongoose to the date hereof and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Mongoose to the date hereof not reflected in such minute books.

(38) Mongoose is in compliance, in all material respects, with all applicable Environmental Laws.

(39) Mongoose has not received any notice of, or been prosecuted for an offence alleging, non-compliance with any Environmental Law. There are no orders or directions relating to environmental matters requiring any material work, repairs, construction or capital expenditures to be made with respect to any of the assets of Mongoose which are material to Mongoose, nor has Mongoose received notice of any of the same.

(40) Mongoose has not received any notice wherein it is alleged or stated that it is potentially responsible for a federal, provincial, state, municipal or local clean-up site or corrective action under any Environmental Laws and Mongoose has not received any request for information in connection with any federal, state, provincial, municipal or local inquiries as to disposal sites.

(41) To the knowledge of Mongoose, after due inquiry, there are no pending or proposed changes to Environmental Laws that are likely to have a Material Adverse Effect on Mongoose.

(42) To the knowledge of Mongoose, after due inquiry, Mongoose has not caused or permitted, nor does Mongoose have any knowledge of, the release, escape or other disposal, in any manner whatsoever, of hazardous wastes or substances on or from any of its properties (including any leased property) or asset or any property or facility that it previously owned or leased, or any such release on or from a facility owned or operated by another person but with respect to which Mongoose is or may reasonably be alleged to have liability.

(43) Mongoose owns, controls or has legal rights to, through mining claims of various types and descriptions, all of the rights, titles and interests materially necessary or appropriate to authorize and enable it to carry on the material mineral exploration and/or mining activities as currently being undertaken on the Chu Chua Gold Property and has obtained or, upon performance of all conditions precedent will be able to obtain, such rights, titles and interests as may be required to implement its plans on such property and is not in material default of such rights, titles and interests.

(44) All assessments or other work required to be performed in relation to the material mining claims of Mongoose in order to maintain Mongoose's interest therein, if any, have been performed to date and Mongoose has complied in all material respects with all applicable governmental laws, regulations and policies in this connection as well as with regard to legal, contractual obligations to third parties in this connection. All such mining claims are in good standing in all material respects as of the date of this Agreement.

(45) To Mongoose's knowledge, all mining operations on the properties of Mongoose have been conducted in all material respects in accordance with good mining and engineering practices and all applicable material workers' compensation and health and safety and workplace laws, regulations and policies have been complied with in all material respects.

(46) Mongoose holds an option to claims recognized in the jurisdiction in which the property is located (collectively, "**Mining Rights**") in respect of the mineral rights located in the Chu Chua Gold Property under valid, subsisting and enforceable title documents or other recognized and enforceable agreements or instruments, sufficient to permit Mongoose to explore for mineral deposits relating thereto, free and clear of any liens, charges or encumbrances and no material commission, royalty, licence fee or similar payment to any person with respect to the Chu Chua Gold Property is payable.

(47) All material Mining Rights in which Mongoose holds an interest or right have been validly registered and recorded in accordance in all material respects with all applicable laws and are valid and subsisting; Mongoose has all necessary surface rights, access rights and other necessary rights and interests relating to Chu Chua Gold Property granting Mongoose the right and ability to explore for mineral deposits as are appropriate in view of the rights and interests therein of Mongoose, with only such exceptions as do not unreasonably interfere with the use made by Mongoose of the rights or interest so held; and each of the Mining Rights and each of the documents, agreements and instruments and obligations relating thereto is currently in good standing in the name of Mongoose.

(48) The Chu Chua Gold Property and Mining Rights of Mongoose, as disclosed in the Technical Report, constitute an accurate description of the Chu Chua Gold Property and all material Mining Rights held by Mongoose, and no other property or assets are necessary for the conduct of the business of Mongoose as currently conducted, Mongoose does not know of any claim or the basis for any claim that might or could have a material adverse effect on the right thereof to use, transfer or otherwise explore for mineral deposits on the Chu Chua Gold Property.

(49) The Technical Report complies in all material respects with the requirements of NI 43-101 and Mongoose believes that the Technical Report is a fair and accurate representation of the Chu Chua Gold Property as at the date stated therein based upon information available at the time the Technical Report was prepared.

(50) Mongoose made available to the authors of the Technical Report, all information requested by them, which information, to the knowledge of Mongoose, did not contain any material misrepresentation at the time such information was so provided;

(51) Mongoose has not approved the entering into of any binding agreement in respect of, or has any knowledge of the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Mongoose whether by asset sale, transfer of shares or otherwise.

(52) Mongoose has good and marketable title to its Assets free and clear of any actual, pending or, to the knowledge and belief of Mongoose, threatened claims, Liens, charges, options, set-offs, encumbrances or security interests whatsoever, including, without limitation any action, proceeding or investigation affecting title to its Assets before any Governmental Authority.

(53) No representation or warranty by Mongoose in this Agreement or any document furnished or to be furnished by Mongoose to Spark in accordance with this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

## **Section 5.2 Survival of Representations and Warranties**

The representations and warranties of Mongoose contained in this Agreement shall survive the execution and delivery of this Agreement and shall terminate on the earlier of (i) the termination date of this Agreement in accordance with its terms and (ii) the Closing Date.

## **ARTICLE 6 COVENANTS**

### **Section 6.1 Filings**

Mongoose and Spark shall prepare and file, or cause to be filed, any filings required under any applicable laws or rules and policies of the CSE or other regulatory bodies relating to the Share Exchange. Mongoose covenants and agrees to take, in a timely manner, all commercially reasonable actions and steps necessary in order that, effective as at the Closing Date: (i) the Mongoose Shares, including for greater certainty, the Consideration Shares issuable pursuant to the Share Exchange, be listed and posted for trading on the CSE; (ii) when received, Mongoose shall provide Spark with copies of the conditional and final approval of the CSE respecting the Share Exchange and, the listing and posting for trading of the Consideration Shares; and (iii) the distribution of Mongoose Shares to the Spark Shareholders is exempt from the prospectus and registration requirements of Applicable Securities Laws.

### **Section 6.2 Additional Agreements**

Each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts to:

- (a) complete the Private Placement prior to the Closing Date;
- (b) obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts or agreements;
- (c) obtain all necessary consents, approvals, and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations;
- (d) defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby;
- (e) cause to be lifted or rescinded any injunction or restraining order or other remedy adversely affecting the ability of the parties to consummate the transactions contemplated hereby;
- (f) effect all necessary registrations and other filings and submissions of information requested by governmental authorities;
- (g) comply with all provisions of this Agreement; and

- (h) provide such officers' certificates as may be reasonably requested by the other parties hereto in respect of the representations, warranties and covenants of a party hereto.

### **Section 6.3 Access to Information**

- (a) Upon reasonable notice, Spark shall afford to Mongoose's directors, officers, counsel, accountants and other authorized representatives and advisers complete access (or, where necessary, the provision of the information requested), during normal business hours and at such other time or times as the parties may reasonably request, from the date hereof and until the earlier of the Closing Date and the termination of this Agreement, to its properties, books, contracts and records as well as to management personnel of Spark as Mongoose may require or may reasonably request.
- (b) Upon reasonable notice, Mongoose shall afford to Spark's directors, officers, counsel, accountants and other authorized representatives and advisers complete access (or, where necessary, the provision of the information requested), during normal business hours and at such other time or times as the parties may reasonably request, from the date hereof and until the earlier of the Closing Date and the termination of this Agreement, to its properties, books, contracts and records as well as to management personnel of Mongoose as Spark may require or may reasonably request.

### **Section 6.4 Conduct of Business of Spark**

Spark covenants and agrees that, during the period from the date of this Agreement until the earlier of the Closing Date and the date this Agreement is terminated in accordance with its terms, unless Mongoose shall otherwise consent in writing (such consents not to be unreasonably withheld or delayed), except as required by law or as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) Spark shall use all commercially reasonable efforts to maintain and preserve its business, the Spark Assets and business relationships;
- (b) Spark shall notify Mongoose of any Material Adverse Effect on its business; and
- (c) Spark shall not directly or indirectly:
  - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein or take any action or fail to take any action which may result in a condition precedent to the transactions described herein not being satisfied;
  - (ii) except as disclosed herein, pledge, hypothecate, lease, dispose of or encumber any Spark Shares or other securities or any right, option or warrant with respect thereto;

- (iii) amend or propose to amend its Articles, unless such amendment is required to give effect to the transactions contemplated herein, or with the consent of Mongoose, such consent not to be unreasonably withheld;
- (iv) split, combine or reclassify any of its securities or declare or make any Distribution or distribute any of its properties or assets to any Person;
- (v) other than in the Ordinary Course of Business, enter into or amend any employment contracts with any director, officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors, officers, employees or consultants;
- (vi) acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, partnership or other business organization or division or acquire or agree to acquire any material assets;
- (vii) create any option or bonus plan other than in the Ordinary Course of Business, or pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors, officers or employees;
- (viii) make any material change in accounting procedures or practices;
- (ix) mortgage, pledge or hypothecate any of the Spark Assets, or subject them to any Lien, except Permitted Liens;
- (x) except in the Ordinary Course of Business, enter into any agreement or arrangement granting any rights to purchase or lease any of the Spark Assets or requiring the consent of any Person to the transfer, assignment or lease of any of the Spark Assets;
- (xi) dispose of or permit to lapse any rights to the use of any Intellectual Property of Spark;
- (xii) except in the Ordinary Course of Business, sell, lease, sublease, assign or transfer (by tender offer, exchange offer, merger, amalgamation, sale of shares or assets or otherwise) any of the Spark Assets, or cancel, waive or compromise any debts or claims, including accounts payable to and receivable from Affiliates;
- (xiii) enter into any other material transaction or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
- (xiv) settle any outstanding claim, dispute, litigation matter, or tax dispute;
- (xv) transfer any assets to the Spark Shareholders or any of their Subsidiaries or Affiliates or assume any Indebtedness from the Spark Shareholders or any

of their Subsidiaries or Affiliates or enter into any other related party transactions;

- (xvi) other than on the exercise of currently outstanding securities that are convertible into Spark Shares, issue from treasury any Spark Shares or otherwise grant or issue any options, warrants or other securities convertible into Spark Shares without the prior approval of Mongoose; or
- (xvii) enter into any agreement or understanding to do any of the foregoing.

### **Section 6.5 General Covenants of Mongoose**

Mongoose covenants and agrees that during the period from the date of this Agreement until the earlier of the Closing Date and the date this Agreement is terminated in accordance with its terms, unless Spark otherwise consents in writing (such consent not to be unreasonably withheld or delayed):

- (a) the business of Mongoose shall be conducted in the ordinary course and Mongoose shall use its commercially reasonable efforts to maintain and preserve its business, assets and business relationships, except as may be otherwise required by law or pursuant to the terms of this Agreement;
- (b) Mongoose shall notify Spark of any Material Adverse Effect on its business;
- (c) Mongoose shall at all times comply with all applicable policies of the CSE and all Applicable Securities Laws;
- (d) subject to applicable law (including the time limits imposed thereunder), Mongoose shall obtain prior approval of Spark as to the content and form of any press release or other public disclosure relating to the Share Exchange;
- (e) Mongoose shall not directly or indirectly:
  - (i) take any action which may interfere with or be inconsistent with the successful completion of the transactions contemplated herein or take any action or fail to take any action which may result in a condition precedent to the transactions described herein not being satisfied;
  - (ii) pledge, hypothecate, lease, dispose of or encumber any Mongoose Shares or other securities of Mongoose or any right, option or warrant with respect thereto;
  - (iii) amend or propose to amend its Articles or by-laws except as contemplated by this Agreement;
  - (iv) split, combine or reclassify any of its securities except as contemplated in this Agreement or declare or make any Distribution, or distribute any of its property or assets to any Person;



- (v) other than in the Ordinary Course of Business, enter into or amend any employment contracts with any director, officer or senior management employee, create or amend any employee benefit plan, make any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its directors, officers, employees or consultants;
  - (vi) make any capital expenditures, additions or improvements or commitments for the same, except in the Ordinary Course of Business or in connection with the transactions contemplated herein;
  - (vii) enter into any contract, commitment or agreement under which it would incur Indebtedness for borrowed money or for the deferred purchase price of property (other than such property acquired in the Ordinary Course of Business consistent with past practice), or would have the right or obligation to incur any such Indebtedness or obligation, or make any loan or advance to any Person;
  - (viii) other than as contemplated herein, acquire or agree to acquire (by tender offer, exchange offer, merger, amalgamation, acquisition of shares or assets or otherwise) any Person, partnership, joint venture or other business organization or division or acquire or agree to acquire any material assets;
  - (ix) enter into any material contracts regarding its business operations, including joint ventures, partnerships or other arrangements;
  - (x) create any stock option or bonus plan, pay any bonuses, deferred or otherwise, or defer any compensation to any of its directors or officers;
  - (xi) make any material change in accounting procedures or practices;
  - (xii) engage in any business that is outside of the business that is being currently conducted by Mongoose, whether as a partner, joint venture participant or otherwise;
  - (xiii) enter into any other material transaction, or any amendment of any contract, lease, agreement, license or sublicense which is material to its business;
  - (xiv) settle any outstanding claim, dispute, litigation matter, or tax dispute;
  - (xv) issue from treasury any Mongoose Shares or otherwise grant or issue any options, warrants or other securities convertible into Mongoose Shares without the prior approval of Spark; or
  - (xvi) enter into any agreement or understanding to do any of the foregoing.
- (f) Mongoose shall take all requisite action to complete the Share Exchange;

- (g) upon Mongoose receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the counsel for Spark;
- (h) in consultation with Spark and its counsel, forthwith use its commercially reasonable efforts to obtain all necessary regulatory approvals to make application to the CSE for listing of the Consideration Shares issued pursuant to this Agreement on the CSE upon the Closing and assist in making all submissions, preparing all press releases and making all notifications required with respect to this transaction and the issuance of shares as contemplated hereunder; and
- (i) to file, duly and timely, all Tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency.

#### **Section 6.6 Covenants of the Spark Shareholders**

Each of the Spark Shareholders covenant and agree that during the period from the date of this Agreement until the earlier of the Closing Date and the date this Agreement is terminated in accordance with its terms, unless Mongoose otherwise consents in writing (such consent not to be unreasonably withheld or delayed), the Purchased Shares shall not be sold, pledged, hypothecated, leased, disposed of or encumbered in any way.

#### **Section 6.7 Standstill**

From the date of the acceptance of this Agreement until completion of the transactions contemplated herein or the earlier termination hereof, Spark, the Spark Shareholders and Mongoose will not, directly or indirectly, solicit, initiate, assist, facilitate, promote or encourage proposals or offers from, entertain or enter into discussions or negotiations with, or provide information relating to its securities or assets, business, operations, affairs or financial condition to any persons in connection with the acquisition or distribution of any securities of Spark, or Mongoose, or any amalgamation, merger, consolidation, arrangement, restructuring, refinancing, sale of any material assets of Spark or Mongoose, unless such action, matter or transaction is part of the transactions contemplated in this Agreement or is satisfactory to, and is approved in writing in advance by the other party hereto or is necessary to carry on the normal course of business.

### **ARTICLE 7 CONDITIONS TO OBLIGATION TO CLOSE**

#### **Section 7.1 Mongoose's Closing Conditions**

Mongoose's obligation to issue Mongoose Shares in exchange for the Spark Shares on the Closing Date pursuant to Article 2 is subject to compliance by Spark and the Spark Shareholders with their agreements herein contained and to the satisfaction, on or prior to the Closing Date, of the following conditions:

- (a) ***Constating Documents and Certificate of Corporate Existence.*** Mongoose shall have received from Spark: (i) a copy, certified by one duly authorized officer of Spark to be true and complete as of the Closing Date, of the Articles of Spark; and (ii) a certificate of good standing dated not more than three days prior to the Closing Date, as to Spark's corporate good standing or qualification to carry on business, as the case may be, in its jurisdiction of incorporation or organization, as applicable.
- (b) ***Required Approvals.*** Spark shall have obtained the approval of the board of directors of Spark, and any other necessary approvals for this Agreement and the Share Exchange.
- (c) ***Proof of Corporate Action.*** Mongoose shall have received from Spark a copy, certified by a duly authorized officer thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement.
- (d) ***Incumbency Certificates.*** Mongoose shall have received from Spark an incumbency certificate, dated the Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of Spark, this Agreement and any other ancillary documents.
- (e) ***Representations and Warranties.*** The representations and warranties of Spark contained herein shall be true and correct in all material respects, on and as of the Closing Date with the same force and effect as if such representations and warranties were made at such time, and Mongoose shall have received on the Closing Date certificates to this effect, signed by one authorized officer of Spark, and if applicable, Spark shall include with such certificates a description of each Spark Material Contract entered into by Spark between the date of this Agreement and the Closing Date and a representation substantially equivalent to Section 3.1(19) in respect of each such Material Contract, provided that each such Material Contract entered into between the date of this Agreement and the Closing Date shall not breach, be in conflict with or otherwise contravene Section 6.4.
- (f) ***Covenants.*** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Spark at or before the Closing Date shall have been complied with or performed and Mongoose shall have received on the Closing Date certificates to this effect signed by authorized officers of Spark.
- (g) ***Regulatory and Other Consents.*** There shall have been obtained from all appropriate federal, provincial, municipal or other governmental or administrative bodies such licences, permits, consents, approvals, certificates, registrations and authorizations as are required to be obtained by each Spark Shareholder to permit the transfer of the Spark Shares in each case and the exchange of the Spark Shares for Mongoose Shares. Additionally, all required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by this Agreement shall have been obtained from the CSE and the securities regulatory

authorities in Ontario, Quebec, British Columbia and Alberta, including the acceptance, by the CSE of the transactions contemplated in this Agreement.

- (h) ***No Action or Proceeding.*** No *bona fide* legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Spark Shareholders of the Spark Shares for Mongoose Shares or the right of Spark or Mongoose from and after the Closing Time to conduct, expand and develop the business of Spark.
- (i) ***No Material Adverse Change.*** No change shall have occurred in the business, affairs, financial condition or operations of Spark between the date hereof and the Closing Date which would have a Material Adverse Effect.
- (j) ***CSE Approval.*** The CSE shall have, if required, approved the Share Exchange and agreed to list the Mongoose Shares (including the Consideration Shares and other Mongoose Shares that may be issuable on the exercise of securities convertible into Mongoose Shares) on the CSE and all other matters contemplated herein, as required.
- (k) ***General.*** All instruments and corporate proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Mongoose and its counsel, acting reasonably, and Mongoose shall have received copies of all documents, including, without limitation, all documentation required to be delivered to Mongoose at or before the Closing Time in accordance with this Agreement, records of corporate or other proceedings and consents which Mongoose may have reasonably requested in connection therewith.
- (l) ***No Spark Convertible Securities.*** Immediately following Closing, other than in relation to the Private Placement and the Spark Options, Spark will have no outstanding convertible securities, agreements or obligations for the exercise, conversion or issuance of Spark Shares and all such securities in existence prior to Closing shall, in accordance with their terms, become exchangeable for securities of Mongoose.
- (m) ***Transition Services Agreements.*** Certain directors and officers of Mongoose shall have entered into transition services agreements with Mongoose for the provision of transition services to Mongoose for a period of 12 months following the Closing.
- (n) ***Investment Agreement.*** Each of Mongoose, John van Driesum, 21Alpha Resources Inc. (and its principals), Maximos Metals Corp. (and its principals), and Matthew Allas shall enter into an Investment Agreement which shall provide for the nomination of John van Driesum as a director of Mongoose for a period of three years from Closing and for such parties to vote the shares they hold, in favour of such nomination for a period of three years from Closing.
- (o) ***Entire Interest.*** All of the issued and outstanding Spark Shares at the Closing Time shall be delivered or such rights shall be transferred to Mongoose at the time of Closing.

- (p) ***Private Placement.*** The Private Placement will have been completed.
- (q) ***Due Diligence Review.*** Mongoose, acting reasonably, being satisfied with the results of its due diligence investigations into Spark.

The agreements, certificates, documents, other evidence of compliance and opinions described in this Section 7.1 shall be in form and substance satisfactory to Mongoose, acting reasonably, and shall, except as otherwise provided, be delivered to Mongoose at the Closing; provided, however, any one or more of the foregoing conditions may be waived in writing by Mongoose.

## **Section 7.2 Spark Shareholders' Closing Conditions**

The obligations of the Spark Shareholders to transfer and assign to Mongoose the Purchased Shares in exchange for the Consideration Shares pursuant to Article 2 is subject to compliance by Mongoose with its agreements herein contained and to the satisfaction, on or before the Closing Date of the following conditions, unless waived by Spark on behalf of the Spark Shareholders:

- (a) ***Constating Documents and Certificate of Corporate Existence.*** Spark shall have received from Mongoose: (i) a copy, certified by a duly authorized officer of Mongoose to be true and complete as of the Closing Date, of the Articles of Mongoose; (ii) a copy, certified by a duly authorized officer of Mongoose, to be true and complete as of the Closing Date, of the by-laws of Mongoose; and (iii) a certificate of good standing dated not more than three days prior to the Closing Date, as to Mongoose's and its subsidiaries' corporate good standing or qualification to carry on business, as the case may be, in its jurisdiction of incorporation or organization, as applicable and evidence of “no default” in respect of the securities legislation of each jurisdiction in which Mongoose is a reporting issuer.
- (b) ***Required Approvals.*** Mongoose shall have obtained the requisite approval of the board of directors of Mongoose and of the shareholders of Mongoose, as necessary, and any other necessary approvals for this Agreement.
- (c) ***Proof of Corporate Action.*** Spark shall have received from Mongoose copies, certified by a duly authorized officer thereof to be true and complete as of the Closing Date, of the records of all corporate action taken to authorize the execution, delivery and performance of this Agreement.
- (d) ***Incumbency Certificate.*** Spark shall have received from Mongoose an incumbency certificate, dated the Closing Date, signed by a duly authorized officer thereof and giving the name and bearing a specimen signature of each individual who shall be authorized to sign, in the name and on behalf of Mongoose, this Agreement and any other ancillary documents.
- (e) ***Representations and Warranties.*** The representations and warranties of Mongoose contained herein shall be true and correct in all material respects on and as of the Closing Date with the same force and effect, as if such representations and warranties were made at such time, and Spark shall have received on the Closing Date a certificate to this effect signed by an authorized officer of Mongoose.

- (f) **Covenants.** All of the terms, covenants and conditions of this Agreement to be complied with or performed by Mongoose at or before the Closing Date shall have been complied with or performed and Spark shall have received on the Closing Date certificates to this effect signed by an authorized officer of Mongoose.
- (g) **Regulatory Consents.** All required approvals, consents, authorizations and waivers relating to the consummation of the transactions contemplated by this Agreement shall have been obtained from the CSE and the securities regulatory authorities in Ontario, Alberta, Saskatchewan, Yukon Territory and British Columbia.
- (h) **No Action or Proceeding.** No bona fide legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Spark Shareholders of the Spark Shares for Mongoose Shares.
- (i) **No Material Adverse Change.** No change shall have occurred in the business, affairs, financial condition or operations of Mongoose between the date hereof and the Closing Date which would have a Material Adverse Effect.
- (j) **Other Certificates.** Spark shall have received certificates addressed to Spark and the Spark Shareholders, dated the Closing Date, signed by two executive officers of Mongoose on behalf of Mongoose and not in their personal capacities, certifying that such individuals are not aware of any facts or any facts or matters that are inconsistent with the representations and warranties being given by Mongoose pursuant to this Agreement.
- (k) **General.** All instruments and corporate proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Spark and its counsel, acting reasonably, and Spark shall have received copies of all documents as provided for herein, including, without limitation, records of corporate or other proceedings and consents which Spark may have reasonably requested in connection therewith.
- (l) **Private Placement.** The Private Placement will have been completed.
- (m) **Due Diligence Review.** Spark, acting reasonably, being satisfied with the results of its due diligence investigations into Mongoose.

The agreements, certificates, documents and other evidence of compliance described in this Section 7.2 shall be in form and substance satisfactory to Spark, acting reasonably, and shall, except as otherwise provided, be delivered to Spark at the Closing; provided, however, any one or more of the foregoing conditions may be waived in writing by Spark.

## ARTICLE 8 CONFIDENTIALITY

### Section 8.1 Confidentiality

- (a) All information regarding the business of Spark including but without limitation, financial information that Spark provides to Mongoose during its due diligence

investigation of Spark will be kept in strict confidence by Mongoose and will not be used, dealt with, exploited or commercialized by Mongoose or disclosed to any third party (other than Mongoose's professional accounting and legal advisors) without Spark's prior written consent. If the Transaction contemplated by this Agreement does not proceed for any reason, then upon receipt of a written request from Spark, Mongoose will immediately return to Spark (or as directed by Spark) all information received regarding Spark's business.

- (b) All information regarding the business of Mongoose including but without limitation, financial information that Mongoose provides to Spark during its due diligence investigation of Mongoose will be kept in strict confidence by Spark and will not be disclosed, used, dealt with, exploited or commercialized by Spark or disclosed to any third party (other than Spark's professional accounting and legal advisors) without Mongoose's prior written consent. If the Transaction contemplated by this Agreement does not proceed for any reason, then upon receipt of a written request from Mongoose, Spark will immediately return to Mongoose (or as directed by Mongoose) all information received regarding Mongoose's business, without keeping copies, and destroy any notes derived from such information.
- (c) Upon request, each party will provide an affidavit to the other that all documents, including all copies thereof, were returned to the other party or as directed by the other party in accordance with this Section 8.1.
- (d) Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 8.1 will survive termination of this Agreement.

## ARTICLE 9 TERMINATION

### Section 9.1 Termination

This Agreement may be terminated by written notice given by the terminating party to the other party hereto, at any time prior to the Closing:

- (a) by mutual written consent;
- (b) by either Spark or Mongoose (the “**terminating party**”), if there has been a misrepresentation, breach or non-performance by the other party (the “**breaching party**”) of any representation, warranty, covenant or obligation contained in this Agreement, which could reasonably be expected to have a Material Adverse Effect on the terminating party, provided the breaching party has been given notice of, and thirty (30) days to cure, any such misrepresentation, breach or non-performance;
- (c) by either Spark or Mongoose, if a condition for the terminating party's benefit has not been satisfied or waived; or
- (d) by either Spark or Mongoose, if the Closing has not occurred on or before June 15, 2021 or such later date as may be agreed to by Spark and Mongoose (provided, that

the right to terminate this Agreement under this sub-section (d) shall not be available to any party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date).

### **Section 9.2 Effect of Termination**

In the event of the termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of the parties hereunder except with respect to: (i) Section 8.1, Section 9.1 and Article 10, which will survive such termination, and (ii) a breach arising from the fraud or wilful misconduct of any party.

### **Section 9.3 Waivers and Extensions**

At any time prior to the Closing Time, each of the parties hereto may (a) extend the time for the performance of any of the obligations or other acts of another party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party to be bound thereby. The Spark Shareholders hereby delegate the rights in (a), (b) and (c) to Spark to exercise on their behalf in Spark's sole discretion.

## **ARTICLE 10 TRANSACTION COSTS**

### **Section 10.1 Transaction Costs of Spark and the Spark Shareholders**

In the event of the termination of this Agreement pursuant to Section 9.1 hereof, all costs of the Share Exchange incurred by Spark, the Spark Shareholders and Mongoose, as the case may be, in connection with this Agreement, including legal fees, financial advisor fees and all disbursements by such parties and their advisors shall be borne and paid by the party incurring the costs.

## **ARTICLE 11 NOTICES**

### **Section 11.1 Notices**

Any demand, notice or communication to be made or given under or pursuant to this Agreement is to be in writing, except as otherwise expressly permitted or required under this Agreement, and may be made or given by personal delivery, by registered mail or by transmittal by facsimile or e-mail addressed to the respective parties as follows:

If to Mongoose, then to the following address:

Mongoose Mining Ltd.  
215 Edward Street  
Victoria, BC  
V9A 3E4

Attn: John Van Driesum  
Email: john@iwinwcb.com



with a copy to:

DLA Piper (Canada) LLP  
250 2 St SW #1000  
Calgary, AB T2P 0C1

Attn: Trevor Wong-Chor  
Email: trevor.wong-chor@dlapiper.com

or at such other address as Mongoose shall have specified by notice actually received by the addressor.

If to Spark or the Spark Shareholders then to the following address:

Spark Minerals Inc.  
260 Brownlow Avenue, Suite 3  
Dartmouth, Nova Scotia  
B3B 1V9

Attn: Peter Steele  
E-mail: petersteele@hushmail.com

with a copy to:

Fogler, Rubinoff LLP  
77 King Street West  
Suite 3000, P.O. Box 95  
TD Centre North Tower  
Toronto, ON M5K 1G8

Attn: Eric Roblin  
Email: eroblin@foglers.com

or at such other address as Spark shall have specified by notice actually received by the addressor, or to such other mailing or e-mail address as any party may from time to time notify the others of in accordance with this paragraph. Any demand, notice or communication made or given by personal delivery is conclusively deemed to have been given on the day of actual delivery thereof, or, if made or given by registered mail, on the fifth Business Day following the deposit thereof in the mail or, if made or given by e-mail transmission, on the first Business Day following the transmittal thereof and receipt of the appropriate answer back. If the party making or giving such demand, notice or communication knows or ought reasonably to know, of difficulties with the postal system which might affect the delivery of mail, any such demand, notice or communication is not to be mailed but is to be made or given by personal delivery or by e-mail transmission.

## **ARTICLE 12 MISCELLANEOUS**

### **Section 12.1 Power of Attorney**

The Spark Shareholders hereby severally and irrevocably appoint Spark as their agent and attorney to take any action that is required or to execute and deliver any documents on their behalf, including without limitation, for the purposes of all Closing matters and deliveries of documents and do and cause to be done all such acts and things as may be necessary or desirable in connection with the Share Exchange and the transactions contemplated in this Agreement. Such appointment is coupled with an interest and is irrevocable. Without limiting the generality of the foregoing, Spark may, on behalf of itself and the Spark Shareholders, extend the Time of Closing or Closing Date, modify or waive such conditions as are contemplated herein, negotiate, settle and deliver the final forms of this Agreement and any other documents that are necessary or desirable to give effect to the Share Exchange and the transactions contemplated in this Agreement. The Spark Shareholders hereby acknowledge and agree that any decision or exercise of discretion required to be made by Spark under this Agreement shall be final and binding upon the Spark Shareholders so long as such decision or exercise of discretion was made bona fide. Mongoose shall have no duty to enquire into the validity of any document executed or other action taken by Spark on behalf of the Spark Shareholders pursuant to this Section 12.1.

### **Section 12.2 Amendments and Waivers**

Except as otherwise expressly provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each of Spark (on behalf of itself and the Spark Shareholders) and Mongoose, or in the case of a waiver, by the party against whom the waiver is to be effective. Any amendment or waiver effected in accordance with this Section 12.1 shall be binding upon the Spark Shareholders, Spark and Mongoose pursuant to this Agreement.

### **Section 12.3 Consent to Jurisdiction**

Each of the Spark Shareholders, Spark and Mongoose hereby agrees to submit to the non-exclusive jurisdiction of the courts in and of the Province of Ontario and to the courts to which an appeal of the decisions of such courts may be taken, and consents that service of process with respect to all courts in and of the Province of Ontario may be made by registered mail to it at the address set forth in Article 11.

### **Section 12.4 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction, and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

**Section 12.5 Further Assurances**

Spark, the Spark Shareholders and Mongoose, upon the request of any other party hereto, whether before or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the Share Exchange.

**Section 12.6 Time**

Time is of the essence of this Agreement.

**Section 12.7 Assignment**

This Agreement may not be assigned by any of the parties hereto without the prior written consent of Spark and Mongoose, such consents not to be unreasonably withheld or delayed.

**Section 12.8 Public Announcement; Disclosure**

Spark and the Spark Shareholders shall not make any public announcement concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between the parties relating to the matters contemplated herein without the prior consent of Mongoose, which consent shall not be unreasonably withheld, and Mongoose shall not make any public announcement concerning this Agreement or the matters contemplated herein, its discussions or any other memoranda, letters or agreements between the parties relating to the matters contemplated herein without the prior consent of Spark, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by law or any rules of a stock exchange or similar organization to which it is bound.

**Section 12.9 Independent Legal Advice.**

Each of the Spark Shareholders acknowledges and agrees that Spark, Mongoose, and their respective counsel have given them adequate opportunity to seek, and have recommended that they seek and obtain, independent legal advice with respect to the subject matter of this Agreement and for the purpose of ensuring their rights and interests are protected. Each of the other parties represents and warrants to Spark, Mongoose and their respective counsel that they have sought independent legal advice or consciously chosen not to do so with full knowledge of the risks associated with not obtaining such independent legal advice..

**Section 12.10 Personal Information**

Each of the Spark Shareholders hereby consents to the disclosure of his or her personal information in connection with the transactions contemplated by this Agreement, including without limitation the Share Exchange, and acknowledges and consents to the fact that Spark and Mongoose are collecting the personal information (as that term is defined under applicable privacy legislation, including the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in

effect in Canada from time to time) of the Spark Shareholder for the purposes of completing this Agreement and the transactions contemplated hereby. Each Spark Shareholder acknowledges and consents to Spark and Mongoose retaining such personal information for as long as permitted or required by law or business practices. Each Spark Shareholder further acknowledges and consents to the fact that Spark and Mongoose may be required by applicable securities legislation or the rules and policies of the CSE to provide regulatory authorities with any personal information provided by the Spark in this Agreement and each Spark Shareholder further consents to the public disclosure of such information by electronic filing or by any other means.

#### **Section 12.11 Construction**

The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

#### **Section 12.12 Severability**

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions of this Agreement or of such provisions or part thereof in any other jurisdiction.

#### **Section 12.13 Schedules and Exhibits.**

The schedules and exhibits are attached hereto and form part of this Agreement and are incorporated herein.

#### **Section 12.14 Entire Agreement, Counterparts, Section Headings**

This Agreement, and the Schedules hereto, sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby and supersedes any prior written or oral understandings with respect thereto. This Agreement may be executed and delivered by facsimile or electronic mail and in one or more counterparts thereof, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

**[REMAINDER OF PAGE LEFT BLANK INTENTIONALLY]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

The parties have executed this Agreement.

**SPARK MINERALS INC.**

Per: (s) "John Shurko"  
Authorized Signing Officer

**MONGOOSE MINING LTD.**

Per: (s) "John van Driesum"  
Authorized Signing Officer

**MAXIMOS METALS CORP.**

Per: (s) "W. Matthew Allas"  
Name: Matthew Allas  
Title: President and CEO

**21 ALPHA RESOURCES INC.**

Per: (s) John Shurko  
Name: John Shurko  
Title: President

**HAYWOOD SECURITIES INC.**

Per: (s) "Lucy Eng" & (s) "Jon Hulstein"  
Name: Lucy Eng & John Hulstein  
Title: Team Lead – Corporate Actions

Margaret Smith

**Witness:**

(s) "Richard Savage"

**Richard Savage**

\_\_\_\_\_  
**Witness:**

(s) "Terence Coughlan"

**Terence Coughlan**

\_\_\_\_\_  
**Witness:**

(s) "Jonathan Hale"

**Jonathan Hale**

Carolyn Moore

**Witness:**

(s) "Matthew Allas"

**Matthew Allas**

\_\_\_\_\_  
**Witness:**

(s) "Alexander Pavlo Christo"

**Alexander Pavlo Christo**

**Schedule "A"**  
**Spark Shareholders**

Name of Shareholder	Number of Pre-Split Spark Shares Held	Number of Consideration Shares to be Received
Maximos Metals Corp.	186	13,006,993
21 Alpha Resources Inc.	100	6,993,007
Haywood Securities Inc.	-	500,000
Richard Savage	-	500,000
Terence Coughlan	-	250,000
Jonathan Hale	-	1,250,000
Matthew Allas	-	1,000,000
Alexander Pavlo Christo	-	1,000,000
<b>TOTAL:</b>	<b>286</b>	<b>24,500,000</b>

**SCHEDULE "B"**  
**PROPERTIES and ROYALTY**

**Properties:**

**Londonderry / Bass River Property, Nova Scotia, Canada**

**Sheba Property, New Brunswick, Canada**

See Appendix 1 to this Schedule "B"

**Royalty:**

“**Royalty**” means the perpetual royalty equal to 2% of Processing Returns with respect to (i) the Properties (ii) any property within five kilometres of the boundary of the Properties, and (iii) any property otherwise contiguous with the properties described in parts (i) and (ii) of this clause, in each case owned by Spark or its affiliates or in respect of which Spark or its affiliates hold the mineral rights now or in the future, the payments from which are to be split as to 65% to Maximos Metals Corp. (“**Maximos**”) and 35% split equally between John Shurko Inc. (“**Shurko**”) and Gravel Developments Inc. (“**GDI**”, Maximos, Shurko and GDI collectively, the “ **Holders**”).

With respect to the calculation of the Royalty:

“**Processing Returns**” means, with respect to each quarter (and without duplication):

- (A) in all cases other than gold and silver and other than clause (C) below, the actual gross proceeds received during such quarter by Spark from the sale or other disposition of Products;
- (B) in the case of Products comprised of gold and silver processed at a refinery, the number of ounces of refined gold and refined silver credited to the account of Spark during such quarter multiplied by the applicable Reference Price; and
- (C) in the event that there is a loss of Products, an amount equal to the sum of the insurance proceeds actually received by Spark during such quarter (less any costs and expenses incurred in connection therewith) in respect of such loss,

less the following expenses, to the extent incurred in respect of the Products for which payment or credit is received during such quarter:

- (i) all taxes based directly on or assessed against the value or quantity of Products produced from the Properties, including the following:
  - direct sales tax;



use taxes;

gross receipts taxes;

severance taxes; and

crown royalties;

but excluding any and all taxes based upon the net or gross income of Spark or other operator of the Properties, the value of the Properties or the privilege of doing business and other taxes assessed on a similar basis;

- (ii) all transportation costs, including related insurance costs, for transportation of Products from the Properties to a processor or to the point of sale, and all direct charges and/or costs charged by any processor of the Products (provided such charges or costs have not been previously deducted by Spark or such processor); provided that if any processing is carried out at facilities owned or controlled, in whole or in part, by Spark, then the charges and costs for such processing (but not including mining) of such Products shall be the lesser of: (A) the charges and costs Spark would have incurred if such processing was carried out at facilities that are not owned or controlled by Spark and that are offering comparable services for comparable products; and (B) the actual charges and costs incurred by Spark with respect to such processing; and
- (iii) all actual selling, marketing and brokerage costs, including any sales commissions, relating to the sale or disposition of Products.

**“Processor”** means collectively any mill or other processor, refiner or smelter of the Products which processes, refines or smelts any Products to the final product stage before sale or other disposition by or for the account of Spark.

**“Products”** means all ores, minerals, mineral products mined, produced, extracted, derived or otherwise recovered from the Royalty Property and includes all beneficiated and other mineral products produced or derived therefrom.

**“Reference Price”**, for any given quarter, means:

- (i) for gold, the quarterly average of the afternoon per ounce LBMA Gold Price in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with ICE Benchmark Administration) for refined gold for such quarter, calculated by dividing the sum of all such quotations during such quarter by the number of such quotations; provided that if, for any reason, the London Bullion Market Association is no longer in operation or the price of refined gold is not confirmed, acknowledged by or quoted by the London Bullion Market Association, the Reference Price for gold shall be determined by reference to the price of refined gold in the manner endorsed by the London Bullion Market Association (if in operation) and World Gold Council; and
- (ii) for silver, the quarterly average of the daily per ounce LBMA Silver Price in U.S. dollars quoted by the London Bullion Market Association (currently in partnership with CME Group and Thomson Reuters) for refined silver for such quarter, calculated by dividing the sum of all such quotations during such quarter by the

number of such quotations; provided that if, for any reason, the price of refined silver is not confirmed, acknowledged by or quoted by the London Bullion Market Association, the Reference Price for silver shall be determined by reference to the price of refined silver in the manner endorsed by the London Bullion Market Association.

Should any of the price quotations referred to above cease to exist, cease to be published or should no longer be internationally recognized as the basis for the settlement of the applicable commodity, then, upon the request of either of them, Spark and the Holders shall promptly meet to select a comparable commodity quotation for purposes of the calculation of the Royalty. The basic objective of such selection shall be to secure the continuity of fair market pricing of such commodity.

The foregoing is a summary of the royalty agreement dated as of April 30, 2020 among Spark Minerals Inc., Maximos Metals Corp., Gravel Developments Inc. and John Shurko Inc. and is subject to the specific provisions of such agreement.

**Appendix 1 to Schedule B**  
**List of Londonderry and Sheba Claims**

Right	Property	ID	Holder Name	Issue	Expiry	Age	Term	Claims	Status	Work Required 2021	Work Available	Work Balance Required 2021	Future Renewal Fee 2020/2021	Stake/Renew Fees Paid by 21A	Paid by non-21Alpha	21Alpha Receipts
51736	Londonderry	564476	John Shurko	2017-08-03	2021-08-03	3	2	19	Active	\$7,600.00	\$16,971.53	\$0.00	\$380.00	\$1,370.00		3
52232	Londonderry	564476	John Shurko	2018-05-09	2021-05-09	2	1	51	Active	\$20,400.00	\$5,905.00	\$0.00	\$1,020.00	\$1,020.00		2
52235	Londonderry	564476	John Shurko	2018-05-09	2021-05-09	2	1	4	Active	\$1,600.00	\$4,373.00	\$0.00	\$80.00	\$40.00		2
52280	Londonderry	564476	John Shurko	2018-06-01	2021-06-01	2	1	6	Active	\$2,400.00	\$2,680.00	\$0.00	\$120.00	\$120.00		2
52329	Londonderry	564476	John Shurko	2018-06-18	2021-06-18	2	1	48	Active	\$19,200.00	\$18,851.00	\$349.00	\$960.00	\$960.00		2
52344	Londonderry	564476	John Shurko	2018-06-26	2021-06-26	2	1	74	Active	\$29,600.00	\$13,651.00	\$15,949.00	\$1,480.00	\$1,480.00		2
52888	Londonderry	564476	John Shurko	2017-08-03	2021-08-03	3	2	2	Active	\$800.00	\$1,786.47	\$0.00	\$40.00	\$80.00		1
52906	Londonderry	564789	21Alpha	2018-12-24	2023-12-24	1	1	1	Active	\$800.00	\$0.00	\$800.00	\$40.00	\$20.00		1
53024	Londonderry	564476	John Shurko	2019-02-15	2021-02-15	1	1	51	Active	\$20,400.00	\$0.00	\$20,400.00	\$1,020.00	\$510.00		1
53025	Londonderry	564476	John Shurko	2019-02-15	2021-02-15	1	1	62	Active	\$24,800.00	\$0.00	\$24,800.00	\$1,240.00	\$620.00		1
53108	Londonderry	564476	John Shurko	2019-03-28	2021-03-28	1	1	9	Active	\$3,600.00	\$0.00	\$3,600.00	\$180.00	\$90.00		1
53131	Londonderry	564789	21Alpha	2019-04-09	2021-04-09	1	1	44	Active	\$17,600.00	\$0.00	\$17,600.00	\$880.00	\$440.00		1
53145	Londonderry	564789	21Alpha	2019-04-17	2021-04-17	1	1	9	Active	\$3,600.00	\$0.00	\$3,600.00	\$180.00	\$90.00		1
53159	Londonderry	564476	John Shurko	2019-04-25	2021-04-25	1	1	42	Active	\$16,800.00	\$0.00	\$16,800.00	\$840.00	\$420.00		1
53264	Londonderry	564789	21Alpha	2019-06-14	2021-06-14	1	1	12	Active	\$4,800.00	\$0.00	\$4,800.00	\$240.00	\$120.00		1
53271	Londonderry	564476	John Shurko	2019-06-20	2021-06-20	1	1	2	Active	\$800.00	\$0.00	\$800.00	\$40.00	\$20.00		1
53278	Londonderry	564789	21Alpha	2019-06-21	2021-06-21	1	1	11	Active	\$4,400.00	\$0.00	\$4,400.00	\$220.00	\$110.00		1
53289	Londonderry	564476	John Shurko	2019-06-28	2021-06-28	1	1	3	Active	\$1,200.00	\$0.00	\$1,200.00	\$60.00	\$30.00		1
53311	Londonderry	564937	Spark Minerals	2019-07-19	2021-07-19	1	1	1	Active	\$400.00	\$0.00	\$400.00	\$20.00	\$10.00		1
53319	Londonderry	564937	Spark Minerals	2019-07-26	2021-07-26	1	1	2	Active	\$800.00	\$0.00	\$800.00	\$40.00	\$20.00		1
53323	Londonderry	564937	Spark Minerals	2019-07-26	2021-07-26	1	1	15	Active	\$6,000.00	\$0.00	\$6,000.00	\$300.00	\$150.00		1
53452	Londonderry	564937	Spark Minerals	2019-11-05	2021-11-05	1	1	65	Active	\$26,000.00	\$0.00	\$26,000.00	\$1,300.00	\$0.00	\$650.00	
53453	Londonderry	564937	Spark Minerals	2019-11-05	2021-11-05	1	1	45	Active	\$18,000.00	\$0.00	\$18,000.00	\$900.00	\$0.00	\$450.00	
53481	Londonderry	564789	21Alpha	2019-11-14	2021-11-14	1	1	8	Active	\$3,200.00	\$0.00	\$3,200.00	\$160.00	\$80.00		1
53483	Londonderry	564789	21Alpha	2019-11-14	2021-11-14	1	1	37	Active	\$14,800.00	\$0.00	\$14,800.00	\$740.00	\$0.00	\$370.00	
53554	Londonderry	564919	Ashley Sawler	2019-12-20	2021-12-20	1	1	16	Active	\$6,400.00	\$0.00	\$6,400.00	\$320.00	\$160.00		1
								640		<b>\$256,000.00</b>	<b>\$114,218.00</b>	<b>\$190,698.00</b>	<b>\$12,800.00</b>	<b>\$7,960.00</b>	<b>\$1,470.00</b>	30
8609	Sheba	16345	John Shurko	2018-02-12	2021-02-12	3	N/A	8	Active	\$1,600.00	\$0.00	\$1,600.00	\$80.00	\$320.00		3
9317	Sheba	16351	Jimmy Gravel	2019-10-27	2020-10-27	1	N/A	30	Active	\$3,000.00	\$0.00	\$3,000.00	\$300.00	\$300.00		1
9318	Sheba	16376	Johann Shurko	2019-10-27	2020-10-27	1	N/A	12	Active	\$1,200.00	\$0.00	\$1,200.00	\$120.00	\$120.00		1
9392	Sheba	16345	John Shurko	2020-01-14	2021-01-14	1	N/A	30	Active	\$3,000.00	\$0.00	\$3,000.00	\$300.00	\$300.00		1
								80		<b>\$8,800.00</b>	<b>\$0.00</b>	<b>\$8,800.00</b>	<b>\$800.00</b>	<b>\$1,040.00</b>		6

**SCHEDULE "C"**  
**MATERIAL CONTRACTS OF SPARK**

- (1) The Licence Purchase Agreement - agreement between 21Alpha as vendor and Spark as purchaser, dated April 30, 2020 to purchase the one irregular block composed of 7 mining claims located near Londonderry, Nova Scotia and approximately 35 km northwest of Truro, Nova Scotia.
- (2) The NSR Royalty Agreement - royalty agreement entered into between Spark, Maximos, Gravel Developments Inc., and John Shurko Inc., and dated April 30, 2020.

**Appendix “C”**

**Information Concerning Spark and the Proposed Transaction**

**MONGOOSE MINING LTD.**

**DISCLOSURE RE. RESULTING ISSUER**

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## 1. DEFINITIONS

The following is a glossary of certain definitions used in this Disclosure Document. Terms and abbreviations used in this Disclosure Document and also appearing in the documents attached as schedules to the Disclosure Document (including the financial statements) are defined separately if the terms and abbreviations defined below are not used therein, except where otherwise indicated. Any capitalized term used but not defined in this Disclosure Document have the meanings ascribed thereon in the Exchange's policies. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

"%" means percent;

"<" means less than;

">" means greater than;

"**21Alpha**" means 21Alpha Resources Inc., a corporation existing under the laws of the Province of Nova Scotia;

"**Affiliate**" means a Corporation that is affiliated with another Corporation as described below:

- (a) A Corporation is an "**Affiliate**" of another Corporation if:
  - (i) one of them is the subsidiary of the other, or
  - (ii) each of them is controlled by the same Person.
- (b) A Corporation is "**controlled**" by a Person if:
  - (i) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person, and
  - (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.
- (c) A Person beneficially owns securities that are beneficially owned by:
  - (i) a Corporation controlled by that Person, or
  - (ii) an Affiliate of that Person or an Affiliate of any Corporation controlled by that Person;

"**Ag, As, Au, Ba, Bi, Ca, Co, Cu, F, Fe, K, Mn, Mo, Na, Ni, P, Pb, Ti, U, Zn**" means the chemical symbols of the periodic table of elements, respectively: silver (Ag), arsenic (As), gold (Au), barium (Ba), bismuth (Bi), calcium (Ca), cobalt (Co), copper (Cu), fluorine (F), iron (Fe), potassium (K), manganese (Mn), molybdenum (Mo), sodium (Na), nickel (Ni), phosphorus (P), lead (Pb), titanium (Ti), uranium (U), and zinc (Zn);

"**AMK**" means AMK Geoscience Ltd.;

"**Associate**" when used to indicate a relationship with a Person or Corporation, means:

- (a) an issuer of which the Person or Corporation beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Corporation,
- (c) any trust or estate in which the Person or Corporation has a substantial beneficial interest or in respect of which a Person or Corporation serves as trustee or in a similar capacity, and
- (d) in the case of a Person, a relative of that Person, including
  - (i) that Person's spouse or child, or
  - (ii) any relative of that Person or of his spouse who has the same residence as that Person; "Board" means the directors of Mongoose and, following the Effective Time, the directors of the Resulting Issuer;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as from time to time amended or re-enacted and includes any regulations heretofore or hereafter made pursuant thereto;

"**CCFZ**" means the Cobequid-Chedabucto Fault Zone;

"**Company**" or "**Mongoose**" means Mongoose Mining Ltd., a corporation existing under the laws of British Columbia;

"**Corporation**" unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

"**Chu Chua Gold Property**" means the ten contiguous claims totalling 909.5 hectares and located 16 km northeast of the town of Barriere, British Columbia;

"**Chu Chua Option Agreement**" means the option agreement dated January 24, 2019 made among the Company and Ken Ellerbeck and Gerald Locke as optionors, with respect to the Chu Chua Gold Property;

"**CIM**" means the Canadian Institute of Mining, Metallurgy and Petroleum;

"**Closing**" means the completion of the Share Exchange;

"**Closing Date**" means the date on which the Transaction is completed;

"**Closing Time**" means 10:00 a.m. (Toronto time) on the Closing Date;

"**Cobequid Highlands Technical Report**" means the NI 43-101 compliant technical report entitled "Technical Report on the Cobequid Highlands Property, Colchester County, Nova Scotia, Canada" dated November 10, 2020 prepared by Alex MacKay, P.Geo., an independent "**Qualified Person**" (as defined in NI 43-101);

"**EM**" means electromagnetic;

**"Disclosure Document"** means this disclosure document;

**"Escrow Agreement"** means the escrow agreement to be entered into on or about the Closing Date among Odyssey, the Resulting Issuer, and certain Resulting Issuer Shareholders;

**"Escrow Release Conditions"** means, with respect to the Spark Subscription Receipts, the satisfaction of the conditions for the closing of the Share Exchange and the receipt of conditional approval of the Share Exchange from the Exchange;

**"Escrow Release Deadline"** means the escrow release deadline to be determined at the time of closing the Spark Private Placement;

**"Escrowed Funds"** means the portion of the proceeds from the Spark Private Placement which are to be placed into escrow;

**"E-W"** means an east to west direction;

**"Exchange"** means the Canadian Securities Exchange;

**"Exchange Ratio"** means one Resulting Issuer Share for each Spark Share;

**"IOCG"** means iron oxide copper gold mineralization;

**"IP"** means induced polarization survey;

**"km"** means kilometres;

**"kV"** means kilovolts, a unit of electric potential equivalent to 1000 volts;

**"Licences"** means the seven exploration licences comprising the Property;

**"Licence Purchase Agreement"** means the agreement to purchase the Licences between 21Alpha as vendor and Spark as purchaser, dated April 30, 2020.

**"m"** means metres;

**"Maximos"** means Maximos Metals Corp., a corporation existing under the laws of Canada;

**"MD&A"** means management's discussion and analysis;

**"Mineral Reserve"** has the meaning ascribed to it by the CIM Definition Standards for Mineral Resources & Mineral Reserves;

**"Mineral Resource"** has the meaning ascribed to it by the CIM Definition Standards for Mineral Resources & Mineral Reserves;

**"Mongoose Financial Statements"** means together, the Mongoose 2019 Audited Financial Statements and the Mongoose 2020 Audited Financial Statements;

**"Mongoose 2019 Audited Financial Statements"** means the audited financial statements of Mongoose as at and for the period from the date of incorporation on January 16, 2019 to December 31, 2019, including the notes thereto and the report of Mongoose's auditors thereon;

**"Mongoose 2020 Audited Financial Statements"** means the audited financial statements of Mongoose as at and for the year ended December 31, 2020, including the notes thereto and the report of Mongoose's auditors thereon;

**"Mongoose Consolidation"** means the proposed consolidation of the Mongoose Shares prior to the Closing Time on the basis of one Mongoose Consolidated Share for every 2.85 Mongoose Shares outstanding;

**"Mongoose Consolidated Shares"** means the common shares in the capital of Mongoose after the Mongoose Consolidation;

**"Mongoose Financial Statements"** means together, the Mongoose 2019 Audited Financial Statements and the Mongoose 2020 Audited Financial Statements;

**"Mongoose Option Plan"** means the current stock option plan of Mongoose, which provides that the Board of Mongoose may, from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and consultants of Mongoose, options to purchase Mongoose Shares;

**"Mongoose Options"** means the 927,800 options of Mongoose (pre-Mongoose Consolidation), granted to the directors and officers of Mongoose, each Mongoose Option entitling the holder thereof to purchase one Mongoose Share pursuant to the Mongoose Option Plan;

**"Mongoose Shareholder"** means a holder of Mongoose Shares from time to time, and **"Mongoose Shareholders"** means all of such holders;

**"Mongoose Shares"** means the common shares in the capital of Mongoose, as presently constituted on the date hereof;

**"Mongoose Warrants"** means the 292,800 common share purchase warrants of Mongoose (pre-Mongoose Consolidation), each entitling the holder thereof to acquire one Mongoose Share at any time on or before November 28, 2021 at an exercise price of \$0.10;

**"Named Executive Officer"** or **"NEO"** means each of the following individuals: (i) the Chief Executive Officer of the corporation; (ii) the Chief Financial Officer of the corporation; (iii) each of the three most highly compensated executive officers of the corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be an Named Executive Officer under paragraph (iii) but for the fact that the individual was neither an executive officer of the corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

**"NI 43-101"** means National Instrument 43-101 - *Standards of Disclosure for Mineral Project of the Canadian Securities Administrators*;

**"NSCA"** means the Companies Act (Nova Scotia), as from time to time amended or re-enacted;

**"NSR Royalty Agreement"** means the royalty agreement entered into between Spark, Maximos, Gravel Developments Inc., and John Shurko Inc., and dated April 30, 2020;

"**Odyssey**" means Odyssey Trust Company;

"**Person**" means a Corporation or individual;

"**ppm**" means parts per million;

"**Property**" or "**Cobequid Highlands Property**" means the one irregular block composed of 7 mining claims located near Londonderry, Nova Scotia and approximately 35 km northwest of Truro, Nova Scotia;

"**Resulting Issuer**" means the Company on completion of the Transaction;

"**Resulting Issuer 2019 FINDER Warrants**" means the common share purchase warrants of the Resulting Issuer replacing the Mongoose Warrants;

"**Resulting Issuer FINDER Shares**" means the 500,000 Resulting Issuer Shares to be issued to a finder in connection with the services provided in respect of the Transaction;

"**Resulting Issuer 2020 Warrants**" means the common share purchase warrants of the Resulting Issuer replacing the Spark FT Warrants;

"**Resulting Issuer Board**" means the board of directors of the Resulting Issuer;

"**Resulting Issuer Options**" means options of the Resulting Issuer entitling the holder thereof to purchase Resulting Issuer Shares pursuant to the Resulting Issuer Option Plan;

"**Resulting Issuer Option Plan**" means the Mongoose Option Plan on completion of the Transaction;

"**Resulting Issuer Shares**" means the common shares of the Resulting Issuer;

"**Share Exchange**" means the share exchange between the Company and Spark, pursuant to which the Company will acquire all of the issued and outstanding Spark Shares in exchange for Mongoose Shares;

"**Share Exchange Agreement**" means the share exchange agreement dated March 17, 2021 between the Company, Spark and the Spark Shareholders, as may be amended or supplemented from time to time, in respect of the Transaction and Share Exchange;

"**Spark**" means Spark Minerals Inc., a corporation existing under the laws of Canada;

"**Spark Board**" means the board of directors of Spark;

"**Spark Financial Statements**" means, collectively, the audited financial statements of Spark for the financial periods ended December 31, 2020 and December 31, 2019;

"**Spark FT Share**" means a flow-through common share of Spark;

"**Spark FT Units**" means the 2,500,000 flow-through units of Spark issued at a price of \$0.20 per Spark FT Unit, with each unit consisting of one Spark FT Share and one Spark FT Warrant;

**"Spark FT Warrant"** means a common share purchase warrant of Spark with each Spark FT Warrant being exercisable for one Spark Share at a price of \$0.25 until December 30, 2023;

**"Spark Option Plan"** means the current stock option plan of Spark, which provides that the Spark Board may, from time to time, in its discretion, grant to directors, officers, employees and consultants of Spark, options to purchase Spark Shares;

**"Spark Options"** means the 360,000 options of Spark, each Spark Option entitling the holder thereof to purchase one Spark Share pursuant to the Spark Option Plan;

**"Spark Private Placement"** means the non-brokered private placement of Subscription Receipts for aggregate gross proceeds to Spark of a minimum of \$1,000,000 with each subscription receipt having an issue price of \$0.25 and being exercisable without payment of any additional consideration into one Spark Share on the satisfaction of the applicable Escrow Release Conditions;

**"Spark Shareholder"** means a holder of Spark Shares from time to time, and **"Spark Shareholders"** means all of such holders;

**"Spark Shares"** means the common shares in the capital of Spark, as presently constituted on the date hereof;

**"Spark Subscription Receipts"** means the subscription receipts issued under the Spark Private Placement and pursuant to the terms of the Subscription Receipt Agreement for a purchase price of \$0.25 per subscription receipt, each such Spark Subscription Receipt being automatically converted into one Spark Share immediately prior to the Effective Time; provided that in the event that the Escrow Release Conditions have not been satisfied by the Escrow Release Deadline as set out in the Subscription Receipt Agreement, each of the then issued and outstanding Spark Subscription Receipts shall be cancelled;

**"Subscription Receipt Agent"** means Odyssey;

**"Subscription Receipt Agreement"** means the Subscription Receipt Agreement among the Subscription Receipt Agent, Spark, Mongoose and the Agents governing the Spark Subscription Receipts and pursuant to which a portion of the proceeds of the Spark Private Placement will be held in escrow until completion of the Transaction;

**"Transaction"** means collectively, the Share Exchange pursuant to the Share Exchange Agreement and the listing of the Resulting Issuer Shares on the Exchange.

## **Forward-Looking Information**

The information provided in this Disclosure Document, including information incorporated by reference, may contain "forward-looking information". In addition, the Company, Spark or the Resulting Issuer may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by us that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the Company's and Spark's current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to:

- the ability of Mongoose to (i) complete the Transaction, (ii) satisfy conditions precedent under the Share Exchange Agreement, (iii) obtain applicable third party consents and regulatory approvals, including, the approval of the Exchange, (iv) obtain necessary financing and adequate insurance, (v) successfully integrate Mongoose and Spark and manage risks;
- the economy generally;
- in respect of the Resulting Issuer, Spark and the Property: (i) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, damage to equipment or otherwise; (ii) certain commodity price assumptions; (iii) the prices for energy and other key supplies remaining consistent with current levels; and (iv) the accuracy of current estimates of the timing, cost, nature and results of exploration activities.

Consequently, all forward-looking statements made in this Disclosure Document and our other documents are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences or effects. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Company, Spark, and/or persons acting on their behalf may issue. The Company and Spark undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required under securities legislation. See Section 18 – "*Risk Factors*".

## **Currency**

Unless otherwise indicated, all currency amounts reflected herein are stated in Canadian dollars and references to "\$" or "dollars" are references to Canadian dollars.

## 2. CORPORATE STRUCTURE

### 2.1 Corporate Name and Head and Registered Office

The full corporate name of the Resulting Issuer will be Mongoose Mining Ltd. The registered office of the Resulting Issuer will be 595 Howe St 10th floor, Vancouver, BC V6C 2T5. The head office of the Resulting Issuer will be 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8.

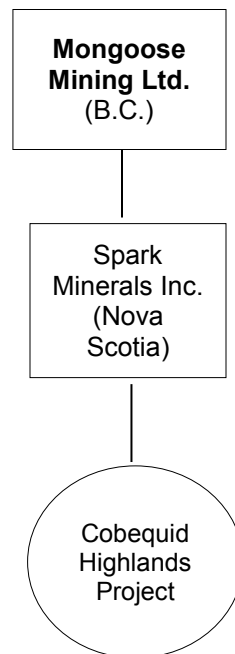
### 2.2 Jurisdiction of Incorporation

The Company was incorporated pursuant to the *BCBCA* on January 16, 2019. The registered and head office of the Company is located at 215 Edward Street, Victoria, BC, V9A 3E4.

Spark was incorporated pursuant to the provisions of the *NCSA* on August 22, 2017. The registered office of Spark is located at 144 Duke Street, Chester, Nova Scotia, B0J 1J0.

### 2.3 Inter-corporate Relationships

The corporate structure of the Resulting Issuer on completion of the Transaction will be as follows:



### 2.4 Fundamental Change

Immediately before listing on the Exchange, Mongoose and Spark will complete the Transaction. In conjunction with the Transaction, Mongoose will consolidate the Issuer Shares on an 2.85:1 basis. Upon completion of the Transaction, Mongoose will become the Resulting Issuer and Spark will be a wholly owned subsidiary of the Resulting Issuer. See "3. *General Development of the Business - General Development of the Business of Spark Prior to the Transaction – The Transaction*".

### 2.5 Incorporation Outside Canada

This section is not applicable to the Company or Spark.



### **3. GENERAL DEVELOPMENT OF THE BUSINESS**

#### **3.1 General Development of the Business**

##### **(1) *General Development of the Business of Mongoose Prior to the Transaction***

The Issuer is engaged in the business of mineral exploration and the acquisition of mineral property assets in British Columbia. Its objective is to locate and develop economic precious and base metal properties of merit and to conduct its exploration program on the Chu Chua Gold Property.

Subsequent to its incorporation, the Company completed a private seed capital equity financing, raising aggregate gross proceeds of \$300,000, consisting of 6,000,000 Mongoose Shares issued at a price of \$0.05 per Mongoose Share. These funds were used for the acquisition of the Chu Chua Gold Property and general working capital.

On November 28, 2019, the Company completed its initial public offering for which it issued 3,178,000 Mongoose Shares at a price of \$0.10 per Mongoose Share for gross proceeds of \$317,800. The Mongoose Shares subsequently started trading on the Exchange under the symbol "MNG".

The Company entered into an option agreement dated January 24, 2019 whereby the Company was granted an irrevocable and exclusive option to acquire a 100% interest in the Chu Chua Gold Property, consisting of ten contiguous mineral tenures comprising an aggregate area of 909.52 hectares, located near Barriere, British Columbia, in the Kamloops Mining Division.

In accordance with the Chu Chua Option 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 Mongoose Shares to the optionors and making a deposit payment of \$7,500. The cash payment was made upon execution of the agreement and 100,000 Mongoose Shares were issued on November 28, 2019, the date the Mongoose Shares were listed on the Exchange.

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 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 Mongoose 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 of Mongoose, in accordance with the following schedule:

Date	Shares	Cash Payments	Expenditures
On signing	-	\$7,500	-
November 28, 2019	100,000	-	-
September 1, 2019	-	-	\$25,000
November 28, 2020	100,000	-	-
November 28, 2021	100,000	\$20,000	\$100,000
November 28, 2022	100,000	\$30,000	\$100,000
November 28, 2023	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.

## **(2) General Development of the Business of Spark Prior to the Transaction**

Spark is a private company engaged in the acquisition, exploration and evaluation of mineral properties. Spark is the holder of exploration licences to explore the Property, an area covering approximately 3,264 hectares or 32.64 km<sup>2</sup>, located in Londonderry and Debert, Nova Scotia. The Property is recognized to indicate potential for IOCG mineralization.

### Licence Purchase Agreement and Royalty Agreement

Prior to April 2020 Spark was an inactive company.

On April 30, 2020, Spark entered into the Licence Purchase Agreement to acquire all of the rights, title and interest in and to the Licences from 21Alpha. Pursuant to the terms of the Licence Purchase Agreement, 21Alpha agreed to assign and transfer the Licences to Spark for consideration of \$18,169.26 in cash and the grant and issuance of a royalty, pursuant to the NSR Royalty Agreement entered concurrently with the Licence Purchase Agreement, as described below.

On April 30, 2020, Spark entered into the NSR Royalty Agreement with Maximos, Gravel Developments Inc., and John Shurko Inc. Pursuant to the NSR Royalty Agreement, Spark granted a 2% perpetual royalty on returns from the Property, payable quarterly. The royalty is to be paid 65% to Maximos and 35% split equally between Gravel Developments Inc., and John Shurko Inc. The royalty applies to the gross proceeds received from the sale or other disposition of ores, minerals, mineral products mined produced, extracted or otherwise recovered from the Property.

### Spark Share Split

On December 23, 2020, Spark completed a split of the Spark Shares pursuant to which each old Spark Share was exchanged for 69,930.0699 new Spark Shares, such that the 286 old Spark Shares were exchanged for 20,000,000 new Spark Shares.

### Flow Through Private Placement

On December 30, 2020, Spark completed a private placement of 2,500,000 Spark FT Units at a price of \$0.20 per Spark FT Unit for gross proceeds of \$500,000. Each Spark FT Unit consisted of one Spark FT Share and one Spark FT Warrant. Each whole Spark FT Warrant is exercisable for one non-flow through Spark Share at a price of \$0.25 for a period of 36 months from the date of issuance.

### **The Transaction**

The Company and Spark began to exchange and review certain confidential information in October of 2020. After the consideration of a number of factors and the review of various documents relating to the business, assets, and liabilities of Spark, the parties entered into a letter of intent on October 16, 2020 that contemplated the entering into of a definitive agreement with Spark in order to complete the Transaction.

On March 17, 2021, Mongoose, Spark, and the Spark Shareholders entered into the Share Exchange Agreement, pursuant to which, among other things, Mongoose will acquire all of the issued and outstanding shares of Spark in exchange for Mongoose Consolidated Shares. Pursuant to the Share Exchange Agreement, the Spark Shareholders agreed to exchange, transfer and assign all of their Spark Shares to Mongoose in consideration for 24,500,000 Mongoose Consolidated Shares. Further, the outstanding convertible securities of Spark will become exchangeable for securities of Mongoose (after giving effect to the Mongoose Consolidation) in accordance with their terms following completion of the Share Exchange.

In connection with the Transaction, Mongoose announced that immediately prior to the completion of the Share Exchange it intends to complete the Mongoose Consolidation on the basis of one Mongoose Consolidated Share for every 2.85 outstanding pre-Consolidation Mongoose Shares.

The transactions contemplated by the Share Exchange Agreement will constitute a "reverse takeover" of the Company by Spark and the Spark Shareholders (the "**Transaction**"). As a result of the Transaction: (i) Spark will become a wholly-owned subsidiary of the Resulting Issuer; and (ii) the current Spark Shareholders will become the controlling shareholders of the Resulting Issuer.

The Share Exchange Agreement contains, among others, the following conditions precedent:

- The Spark Private Placement will have been completed;
- No *bona fide* legal or regulatory action or proceeding shall be pending or threatened by any person to enjoin, restrict or prohibit the exchange by the Spark Shareholders of the Spark Shares for Mongoose Shares or the right of Spark or Mongoose from and after the Closing Time to conduct, expand and develop the business of Spark;
- All consents, orders and approvals required or necessary or desirable for the consummation of the transactions contemplated by the Share Exchange Agreement will have been obtained or received, including all required approvals, consents, authorizations, and waivers from the Exchange and the securities regulatory authorities in Ontario, Quebec, British Columbia, and Alberta; and
- Due diligence by both Mongoose and Spark will have been completed.

A copy of the Share Exchange Agreement has been filed on SEDAR at [www.sedar.com](http://www.sedar.com). The summary of the Share Exchange Agreement contained in this Disclosure Document is qualified in its entirety by reference to the full version of the Share Exchange Agreement.

### Spark Private Placement

In conjunction with the Transaction, Spark completed the Spark Private Placement of Subscription Receipts at a price of \$0.25 per Subscription Receipt for gross proceeds of \$1,000,000. Each Subscription Receipt entitles the holder thereof to acquire, without the payment of additional consideration, one Spark Share upon the conditions to the Transaction being satisfied or waived. Each holder of a Subscription Receipt will agree to transfer their Spark Shares into Mongoose Consolidated Shares at the Exchange Ratio.

For further information see below, Section 10.3 "*Prior Sales – Spark Private Placement*".

### **3.2 Significant Acquisition and Disposition**

Mongoose has not acquired any significant assets or disposed of any significant assets within the previous or current financial year, other than the acquisition of the Chu Chua Gold Property as described above.

Spark has not acquired any significant assets or disposed of any significant assets within the previous or current financial year, other than the acquisition of the Licences pursuant to the Licence Purchase Agreement as described above.

### **3.3 Significant Trends and Commitments**

There are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's or Spark's business, the Company's financial condition or results of operations, apart from those discussed below. In addition, there are significant risks associated with the Company's and the Resulting Issuer's business, as described in Section 17 – "*Risk Factors*".

### COVID-19 Global Pandemic

Since January, 2020, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced operations, any of which could have a material adverse impact on the Company's and Resulting Issuer's result of operations, financial condition and the market and trading price of the Company's and Resulting Issuer's securities.

As of the date of this Disclosure Document, the duration and immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and Resulting Issuer. While the outbreak of COVID-19 has not caused disruptions to the Company's or Spark's business, it may yet cause disruptions to their business and operations plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the

Company and Spark, and their contractors and subcontractors impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of contractors and subcontractors; (iv) interruption of supplies from third-parties upon which the Company and Spark rely; and/or (v) inability to raise capital due to the economic uncertainty caused by COVID-19. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Company's, Spark's and the Resulting Issuer's business, financial condition and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Company's and the Resulting Issuer's ability to carry out its business plans

#### **4. NARRATIVE DESCRIPTION OF THE BUSINESS**

##### **4.1 Business of the Company**

The Company is engaged in the business of acquiring and exploring mineral resource properties. Its objective is to locate and develop economic precious and base metal properties of merit and to conduct its exploration program on the Chu Chua Gold Property. The Company's sole property is the Chu Chua Gold Property. The Company's interest in the Chu Chua Gold Property is governed by the Chu Chua Option Agreement. The Chu Chua Gold Property will not be a material property of the Resulting Issuer.

##### **4.2 Business of Spark and the Resulting Issuer**

Spark is a private company engaged in the acquisition, exploration and evaluation of mineral properties. The primary business of Spark is the exploration and development of the Property, an area covering approximately 3,264 hectares or 32.64 km<sup>2</sup>, located in Londonderry and Debert, Nova Scotia.

Following completion of the Transaction, the business of the Resulting Issuer will be the business of Mongoose and Spark.

###### *(a) Business Objectives*

The principal business carried on and intended to be carried on by the Resulting Issuer during the forthcoming 12-month period is the acquisition, exploration and, if warranted, development of the Cobequid Highlands Property. The Resulting Issuer's operations and assets will be primarily in British Columbia and Nova Scotia, Canada. In addition, the Resulting Issuer may explore opportunities in other sectors as such opportunities arise and warrant.

###### *(b) Significant Events or Milestones*

The business objectives that the Resulting Issuer expects to accomplish using the available funds described below under the heading "*Purpose of Funds*" include the following:

1. The objective to perform geological mapping and prospecting on the priority targets throughout the claims the cost is approximately \$60,000. This will take place for most of eight months after closing. This will be done with a geological consultant.
2. Immediately after closing an in-depth reinterpretation of all previous geophysical data will take place over a three-month period. The cost is approximately \$25,000. When completed a focused high resolution gravity survey will be undertaken on priority targets at a cost of \$30,000.

3. A follow up soil sampling program over target areas outlined by the gravity study will be completed for a cost of \$40,000. Assaying of both rock samples and soil sampling will be a cost of \$15,000. This should be completed within eight months of closing.
4. All related costs to the program will be \$49,000 this includes field camp, Vehicle rental, field supplies, travel, Mineralogical studies, food, fees, and reporting.
5. The completion of a new 43-101 report at the end of 12 months at a cost of approximately \$30,000. Will outline high priority target areas for Phase II of the program if warranted.
6. A report compiling all Phase-I program will be completed for a cost of \$15,000 for assessment reporting for claim renewals which is a cost for Claim expenses of \$45,240, permitting of \$3,000 and a renewal fee of \$3,717.
7. The total for phase I, is estimated at \$315,957 for the first twelve months of a work program.

(c) *Total Funds Available*

It is anticipated that the following funds are available to the Resulting Issuer:

Description of Funds	Amount
Estimated working capital of the Company	\$462,060
Estimated working capital of Spark	\$480,000
Net proceeds of Spark Private Placement	\$900,000
Less expenses and costs of the Transaction	\$100,000
<b>Total</b>	<b>\$1,742,060</b>

Notes: The actual amount available will vary based on the amount raised in the Spark Private Placement.

Spark's ability to continue operations is dependent upon successfully raising the necessary financing to complete future exploration and development. These pursuits may be delayed given challenges faced by exploration stage companies seeking to raise exploration funds through the issuance of equity securities.

(d) *Purpose of Funds*

The chart below provides a summary of the principal purposes for which the funds described in Section 4.1(1)(c) – "Narrative Description of the Business – Business of the Company – Total Funds Available" will be used.

Use of Proceeds	Estimated Funds to be Expended
Costs of completing listing on the Exchange (additional costs included in working capital estimate)	\$90,000
Exploration Programs	\$315,957
General and Administrative Expenses	\$280,000
Unallocated Working Capital	\$1,056,103
<b>Total</b>	<b>\$1,742,060</b>

Management's intention is to proceed with the recommended exploration at the Property. It is possible, however, that some portion of the Resulting Issuer's available funds allocated for such work programs will be devoted to other acquisition, development or exploration opportunities identified by the Resulting Issuer from time to time. Due to the nature of the business of mineral exploration, budgets are regularly reviewed with respect to both the success of the exploration program and other opportunities which may become available to the Issuer. Accordingly, the Resulting Issuer may abandon in whole or in part any of its property interests or may, as work progresses, alter the recommended work program, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any funds so diverted for the purpose of conducting work or examining other properties acquired by the Issuer, although the Issuer has no present plans in this respect.

**(2) Principal Products or Services**

This section is not applicable.

**(3) Production and Sales**

This section is not applicable.

**(4) Competitive Conditions and Position**

The mineral exploration industry is intensely competitive and Spark competes with many companies that have greater financial resources and technical facilities than Spark. Significant competition exists for the limited number of mineral acquisition opportunities available in Spark's geographic sphere of operations. As a result of this competition, Spark's ability to acquire additional attractive mining properties on terms it considers acceptable may be adversely affected.

**(5) Lending and Investment Policies and Restrictions**

This section is not applicable.

**(6) Bankruptcy and Receivership**

Spark has not been the subject of any bankruptcy or any receivership or similar proceedings against Spark or any voluntary bankruptcy, receivership or similar proceedings by Spark, within the three most recently completed financial years or the current financial year.

**(7) Material Restructuring**

Spark has not been subject to any material restructuring transaction within the three most recently completed financial years nor is Spark proposing any material restructuring transaction for the current financial year.

## **(8) Social and Environmental Policies**

Spark has not adopted any formal social or environmental policies that are fundamental to Spark's operations.

### **4.3 Asset Backed Securities**

Spark does not have any asset backed securities.

### **4.4 Mineral Projects**

#### **Material Property of the Resulting Issuer**

Unless stated otherwise, the information in this section is based on the Cobequid Highlands Technical Report, is effective as of the date of the Cobequid Highlands Technical Report and was reviewed by, and included with the consent of, Alex MacKay, P. Geo, the author of the Cobequid Highlands Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Cobequid Highlands Technical Report which is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). The Cobequid Highlands Technical Report is not and shall not be deemed to be incorporated by reference in this Disclosure Document.

#### **(1) Property Description and Location**

##### **(a) Area and Location**

The Cobequid Highlands Property is located in the north-central part of the Province of Nova Scotia, within NTS sheets 11E05 & 11E12 (Figure 1). The centre of the property is located approximately at 453,125 m Easting and 5,037,921 m Northing (from NAD 1983, UTM system, Zone 20N).

The western portion of the Property is crossed by the Trans-Canada Highway (Route 104) while the eastern portion is crossed by Highway 4. The centre is located near the Londonderry community and approximately 35 km northwest of Truro, a major distribution hub of Nova Scotia. A series of logging roads and ATV trails are also present on the Property.



Figure 1 – Location of the Property



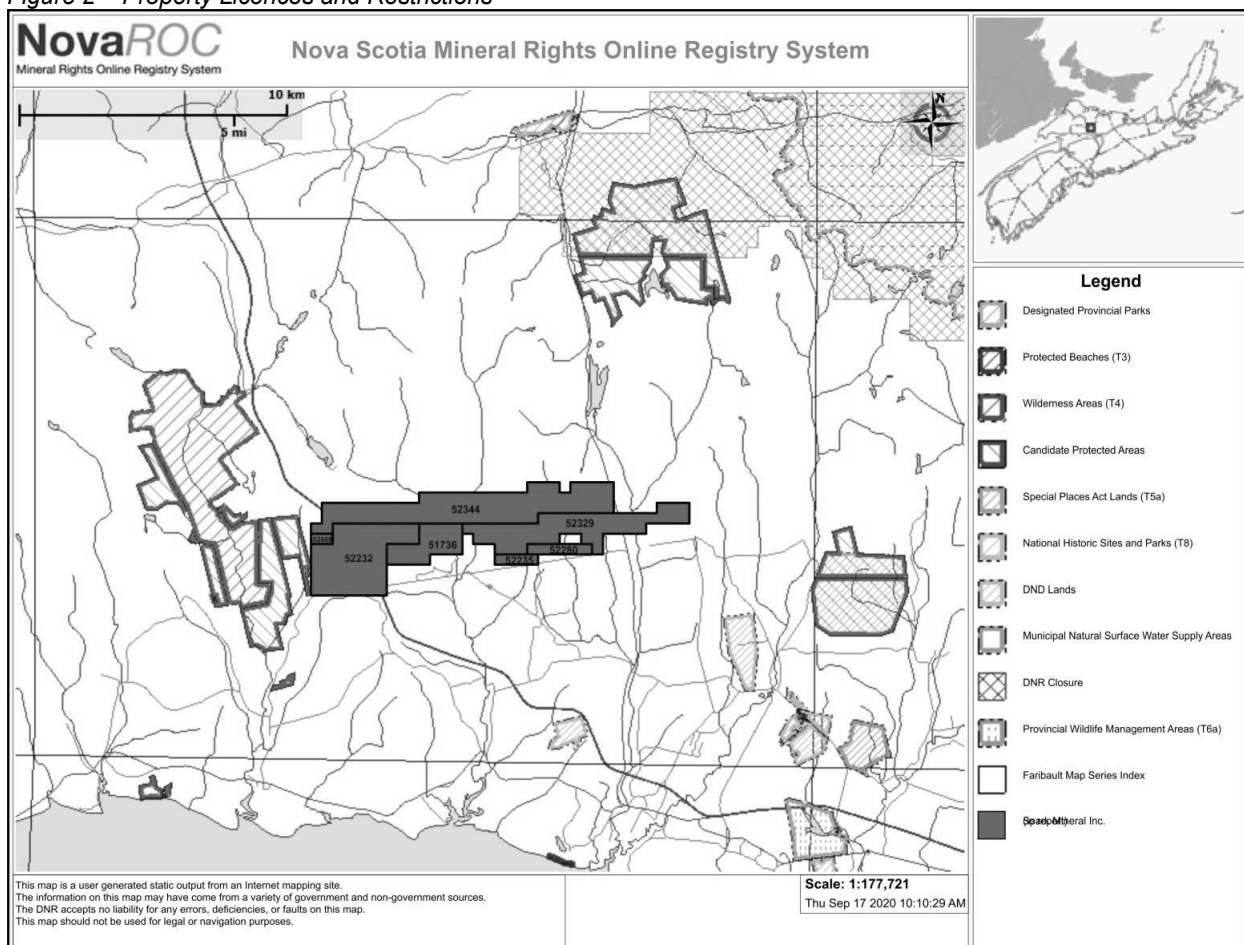
**Area of the Property**

The Property is made of one irregular block composed of 7 exploration licences (Figure 2) covering approximately 3,264 hectares or 32.64 km<sup>2</sup>. The Property is mostly composed of private lands with a few limited crownland areas located in the western area of the Property.

There are no restrictions on the Property. A protected area, the Portapique River Wilderness Area, lies to the west of the Property. In addition, Department of National Defense (DND) land is located 6 km southeast of the Property. No claim staking is allowed in the aforementioned zones.

In addition to the 7 licences under assessment, Spark holds 19 licences adjacent or in close proximity to the Property. They are all situated in the prospective Cobequid Highlands (Figure 2).

Figure 2 – Property Licences and Restrictions



**(b) Nature and Extent of Title**

The Property consists of one irregular block totaling 7 claim tenures, over approximately 3,264 hectares or 32.64 km<sup>2</sup>. The Licences are in good standing and the expiry dates of the tenures are from May 9<sup>th</sup> 2021 to August 3<sup>rd</sup> 2021. A minimum of \$45,240 in exploration expenditures will be required for claim renewal, along with renewal fees of \$3,717.22. Work done in 2018-19 totaled \$134,064 in exploration expenses. The tenures and claims are described in the appendices 1, 2 and 3 of the Cobequid Highlands Technical Report.

**(c) Royalties, Advance Royalty Payments and Conditions**

A 2% Royalty is attached to the Property for the benefit of Maximos, Gravel Developments Inc., and John Shurko Inc. and has no buy-back clause.

**(d) Environmental Liabilities**

The Cobequid Highlands Technical Report did not attempt to evaluate any or all of the Original Property for potential issues of environmental concern that may have resulted from either historic activities or the Company's activities.

**(e) Location of Important Features and Mineralized Zones**

See below, Section 4.4(4) "Geological Setting".

**(f) Permits Required and Obtained**

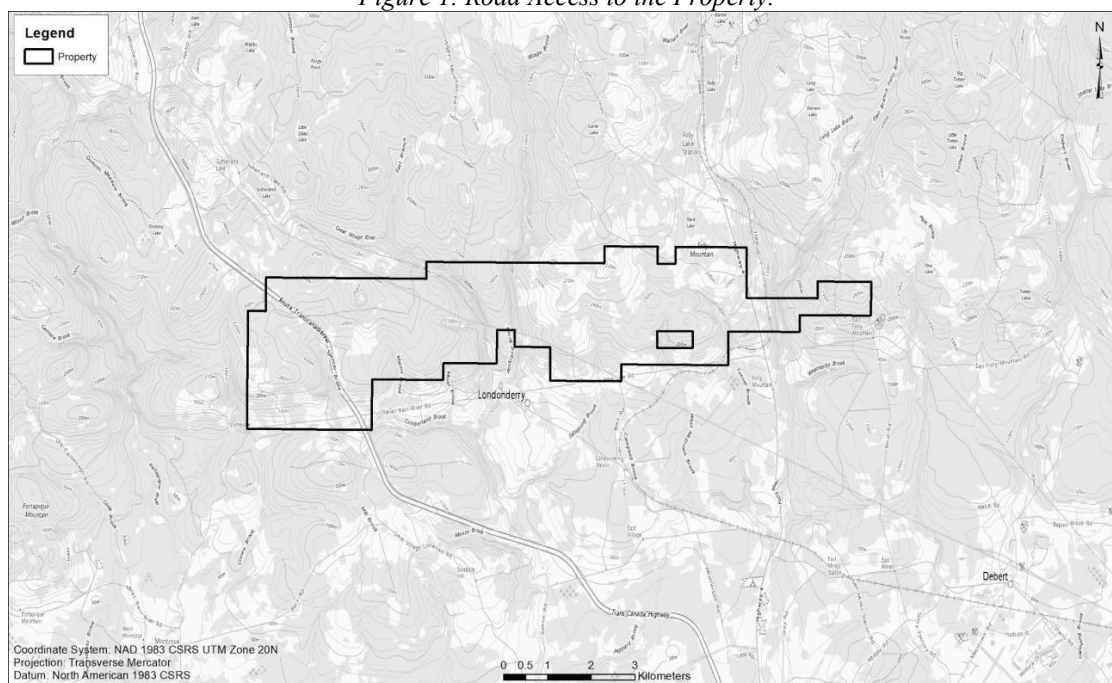
Exploration work should be conducted in a manner that limits impact on the natural environment. Land owners must be contacted and provide permission before conducting work on private land. Permits are required before conducting work on crown land. There are no other known significant factors or risks in addition to those noted in the Cobequid Highlands Technical Report that could affect access, title, or the right or ability to perform the recommended exploration program.

**(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography**

**(a) Accessibility**

The Property encompasses Londonderry, a small community of 200 inhabitants. It can be easily accessed by driving 30 minutes (38 km) west from Truro. Truro has a population of 12,500 inhabitants and it offers all standard amenities. The western portion of the property is crossed by the Trans-Canada Highway 104, while the eastern part has the Provincial Highway 4 going through (Figure 3). Major power lines also cross the property.

*Figure 1. Road Access to the Property.*



**Infrastructure**

Two major power lines run through the Property. One is located at the easternmost point, while a 345-kV transport line crosses the property at its centre, going over Londonderry community. All major infrastructures are located in the vicinity of Truro, which is 38 km from Londonderry. Airport, hospital and other commercial facilities can be found in Truro.

**(b) Climate**

Nova Scotia lies in the mid-temperate zone and, although the province is almost entirely surrounded by water, the climate is closer to continental rather than maritime. Seasonal temperature extremes are moderated by the ocean: temperatures during summer are from 14°C to 28°C, and from -9°C to 0°C during winter. The area has precipitation well-distributed throughout the year, with a slight summer maximum. Because the Nova Scotian landmass juts out into the Atlantic Ocean, it is prone to intense cold-season storms arriving from the northeastern United States, and occasional tropical storms and hurricanes in late summer and autumn (Environment Canada, 2019).

**(c) Surface Rights and Development Infrastructure**

The Cobequid Highlands Technical Report did not discuss the sufficiency of the Company's surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.

Non-Report Information

Although not indicated in the Cobequid Highlands Technical Report, the exploration of the Property is at an early stage and no commercial deposit has been identified. Details of the nature and extent of the Company's title and interest in the Property are outlined under Section 3.1(2) "General Development of the Business of Spark Prior to the Transaction, and under Section 4.3(1)(b) – "Material Property of the Resulting Issuer – Property Description and Location – Nature and Extent of Title". The Property is in an area that is generally regarded as having access to the infrastructure required for a mining operation. In the event the Property approaches the advanced exploration stage, Spark currently intends to assess the needs for surface rights for mining operations as well as the availability, sufficiency and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.

**(d) Topography, Elevation and Vegetation**

The Property shows a relatively hilly topography with a downhill southern slope. There are some small valleys from downstream brooks (south flowing). Elevation ranges between 365 m to 85 m, with an estimated average of 225 m. A large majority of the Property consists of bedrock with sparse stony till deposits– south of the Cobequid fault, where it is mostly a silty till plain, is the exception (Geoscience Atlas, 2019).

**(3) History**

**(a) Prior Ownership of the Property**

The different elements described in this "History" section are located on the Property unless otherwise specified. The anomalies generated during historical work were compiled to generate 5 main targets for exploration. 3 additional targets were developed based on the remote sensing hyperspectral work.

### *Historical Work*

Iron mining during the period of 1847-1906 focused on large deposits of iron carbonate that extended E-W over a total strike length of 16 km with individual veins and pods up to 40 m in thickness. It has been suggested that those past producers are the most developed ones of all the potential IOCG occurrences along the 250 km long Cobequid-Chedabucto Fault Zone (CCFZ) (Belperio et al., 2009).

In 1963, Noranda Exploration Company Ltd. conducted geological mapping, prospecting, geochemical sampling and geophysical surveys followed by trenching and diamond drilling.

Strong Cu anomalies were obtained in soil samples (up to 6000 ppm Cu) and trenching results give 1.32% Cu content over 1.5 m within licence# 53024 held by Spark, but outside of the 7 licences under assessment. One zone of weak conductivity and several large self-potential anomalies were observed (Logan, 1963).

In 1966, Lura Corporation/Ran-Lux Mines Ltd. conducted a geochemical survey followed by diamond drilling. Two short drill-holes are located just north of Acadian Mines Bridge. The source of the geochemical anomalies was not found (Hudgins, 1966).

In 1975, the Millmor syndicate conducted an exploration program for base metals. Extensive geochemical anomalies for Cu-Pb-Zn were found in soils over and adjacent to iron deposits at McElman Brook. Follow-up electromagnetic surveys outlined zones of conductivity associated with the geochemical anomalies (Hudgins, 1976).

Between 1975 and 1977, Westfield Minerals conducted prospecting, geochemical and induced polarization (IP) surveys. No significant correlation was detected between the IP and geochemical anomalies (Buckley, 1975; McKillen, 1975).

In 1977, Falconbridge Nickel Mines conducted geochemical and geological surveys. One soil sample showed values up to 38 ppm Cu, 333 ppm Pb, 1,060 ppm Zn and 0.6 ppm Ag (Taylor, 1977).

In 1979, Cuviers Mines Ltd. conducted two geochemical and magnetometer surveys. In the first area, three isolated lead anomalies were found in soil samples with highest values at 245 ppm. Two large barium anomalies were also discovered, with values between 406 ppm and 775 ppm (Black, 1979A). In the second area, values up to 5220 ppm Pb in soil samples and 495 ppm Cu in soil samples were found (Black, 1979B).

In 1979, Northgate Exploration Ltd. conducted an IP survey. The results indicate that the Probert area contains polarizing mineralization, likely sulphides (Lewis, 1979).

In 1989, Acadia Mineral Ventures Ltd. conducted a geophysical survey on the EL.13492 (52232 and 51736) and a geochemical survey on the EL.14440 and EL.14482 (52329, 52235 and 07391). Strong VLF anomalies and magnetic anomalies were outlined (Black, 1989A). 333 soil samples were collected, and resulted in the discovery of a semi-continuous Pb-Zn anomaly trending NE-SW (Black, 1989B).

In 1993, Ecum Secum Enterprises conducted a geochemical and a Very Low Frequency (VLF)-EM survey on a large part of the property. No significant values were obtained (Black, 1993).

Between 2003 and 2007, Elk Exploration conducted several surveys. In 2004-2005, Cu-Pb-Zn anomalies were found in till samples on the EL.04933 (52329) (Allen, 2005). In 2005, they prospected on the EL.06189 (52344), and assayed a sample which showed 10 Wt.% iron, 247 ppm copper and 71 ppm cobalt (Allen, 2006A). In 2005-2006, they identified zinc mineralization (0.29% Zn), on the EL.06202 (52232), which appears to be associated with ankerite (Allen, 2006B). In 2007, they conducted a hand-held drill survey to take 3 meters of core from an outcrop that was showing malachite on the EL.06201 (51736). Values of 2257 ppm Cu, 4.2 ppm Ag, 244 ppm Pb and 26 ppm Zn were obtained (Allen, 2007).

Between 2008 and 2010, Minotaur Atlantic Exploration Ltd. conducted a regional gravity survey along the CCFZ for a total of 250 line-km. Two anomalies fall on the Property. Anomaly **NS-27** is broad and has a high amplitude (14 mGal) and covers an area of 12 km by 4 km. The western portion of this anomaly overlaps with the eastern part of the Property, on tenures 52329 and 52344. **NS-24** is a 2600 m × 600 m gravity anomaly and is located on the northwest corner of the property. It corresponds to an IOCG target following the gravity survey by Minotaur Atlantic Exploration Ltd. Additional mapping and prospecting work is also available (Belperio et al., 2008).

In 2011, Minotaur Atlantic Exploration Ltd. re-analyzed and re-interpreted the 2008-2010 gravity survey (including aforementioned anomalies NS-24 and NS-27 that lie within the Property). Moreover, a new target, NS-27d, was also defined and a small part of it is located on the Property limit. Soil surveys and prospecting were also completed over these targets. Appendices 6, 7 and 8 show anomalies NS-24, NS 27-D and NS-27.

- **NS-24:** The target is coincident with a strong magnetic high anomaly. A till sample grabbed south of the target show value of 240 ppm Cu and 295 ppm Zn. The combination of geochemistry and geophysics favours the presence of mineralization in the area of interest. Data was reprocessed in order to enhance the gravity survey and the modeling of data was used to simulate the gravity and magnetic response. Prospecting led to the discovery of a rock sample with **1.77% Cu** (Rock Sample NS-24-055) (Belperio et al., 2008)
- **NS-27d:** The Target is coincident with a magnetic high and is located on the Cobequid Fault. A soil anomaly in barium is present in the vicinity of the target. Diorite is also found north of the target and could be related to the Brooking Mine, located 2 km northwest, which reportedly contains iron mineralization and silica in contact with a diorite intrusive (Belperio et al., 2011).

The extensive anomaly NS-27 is discussed as being related to a mafic post-orogenic intrusion (Belperio et al., 2011). Prospecting led to a rock sample with **1.22% Cu** (Rock sample NS- 27-008) (Belperio et al., 2008).

In 2012, Witch's Glen Gold Inc. conducted a geological mapping and a VLF-EM survey. One drill-hole of 326 m was executed and grab samples were collected. Also, values up to 0.8% Cu, 0.2 ppm Au and 1,200 ppb Co were obtained in grab samples outside of the Property (Derek, 2012).

In 2012, Elk Exploration Ltd. conducted an exploration survey. The purpose of this survey was to test a theory that there could be a correlation between radiometric count per second and IOCG mineralization. Several correlated positives anomalies for Cu, Ba and Fe were found (Allen, 2012).

Between May 27th and June 17th 2013, Cogonov Inc. conducted geological mapping on the exploration licence #06201 (51736). The principal exploration objective of this mapping effort was

identifying potential IOCG-type mineralization. At least three major structural orientations were identified on the property. The two oldest are related to the CCFZ. The youngest appears to be a relatively localized feature in the northeast corner of the licence and appears to cross-cut the other two structural trends. Iron-oxide mineralization in the CCFZ is commonly structurally controlled, and also appears to be further influenced by syn- to post- dating structures (Hantelmann, 2014).

Between May 25th and June 6th 2013, Cogonov Inc. conducted geological mapping and geochemical sampling. They found significant copper mineralization, which is spatially associated with iron-oxide mineralization. Copper-sulphide minerals are present within different structures than those hosting the iron-oxide minerals. The hydrothermal iron-oxide mineralization is coincident with a high gravity anomaly (Hantelmann, 2013).

In 2014, Cogonov Inc. conducted geological mapping and prospecting on exploration licences held by Elk Exploration Ltd. Chalcopyrite was found to be associated with quartz-ankerite-siderite veinlets and stringer zones. Significant chalcopyrite/malachite mineralization was found along the western boundary of EL.07393 (52232). Cu mineralization is associated with a 100 m-wide zone of quartz/iron-carbonate veining. Cu values up to 0.478% were encountered in the zone (Black, 2014A, Black, 2014B).

In January 2015, Cogonov Inc. contracted Geotech Ltd. of Aurora, Ontario, to conduct an airborne Versatile Time Domain Electromagnetic (VTEM) survey. On the exploration licence #06201 (51736), low level magnetics are noted on the southeast flank of a cluster of Fe, Mn mineral occurrences (Lohman, 2016).

**(b) Acquisitions within the past three years**

As described under Section 3.1(2) - "*General Development of the Business of Spark Prior to the Transaction*", Spark acquired the Licences from 21Alpha on April 30, 2020. As consideration for the Licences, Spark paid \$18,169.26 in cash and granted and issued the Royalty, pursuant to the NSR Royalty Agreement. 21Alpha is an insider of Spark, as it is a shareholder of 35% of the outstanding Spark Shares. Subsequent to the Transaction, 21Alpha will be a holder of approximately 23.4% of the Resulting Issuer Shares. The registered office of 21Alpha is located at 49 Queen St. Chester, Nova Scotia, B0J 1J0

**(c) Individuals receiving interest from acquisition**

This section is not applicable to Spark. In relation to the purchase of the Licences, 21Alpha received 100% of the consideration.

**(4) Geological Setting**

In northern mainland Nova Scotia, multiple occurrences of iron-oxide coupled with Cu-Co-Ni and carbonates are found along the CCFZ, which is comprised of several east-west trending faults over 275 km, separating the Meguma Terrane (south) from the Avalon Terrane (north). Rock age ranges from late Proterozoic to Jurassic. The metallogenic assemblage in a regional fault system has been suggested as a potential host to IOCG mineralization (O'Reilly, 2002; Corriveau, 2007; Kontak, 2005).

## **Regional Geology**

The regional geology is best described by the abstract of Murphy et al. (2011):

*"The Minas Fault Zone (MFZ) defines the boundary between the Avalon and Meguma terranes in the Canadian Appalachians and is exposed in mainland Nova Scotia and southern New Brunswick. These terranes originated along the Gondwanan margin, but had accreted to Laurentia by the middle Devonian. The surface trace of the MFZ is adjacent to the southern margin of the Late Devonian–Permian Maritimes Basin.*

*The Late Devonian–Late Carboniferous evolution of the MFZ involves several episodes of oblique dextral shear that resulted in basin formation and inversion and at various times the zone was the focus of magmatism, regional fluid flow and mineralization. In the Late Devonian–Early Carboniferous, asymmetric rifting accompanied by dextral shear produced two coeval sequences: the Horton Group, which is dominated by continental clastic strata, and the Fountain Lake Group, which consists predominantly of bimodal volcanic rocks that overlie high-level plutons emplaced along active shear zones. The overall tectonic environment may have been dominated by dextral transtension along the southern margin of Laurentia, which corresponded with the northern flank of the Rheic Ocean.*

*A major change in the evolution of the Minas Fault Zone occurred in the Late Mississippian–Early Pennsylvanian and produced the E-W Chedabucto Fault, clockwise rotation of pre-existing structures, local zones of transtension and transpression, as well as regional fluid flow and extensive mineralization. This major change may reflect the onset of Laurentia–Gondwana oblique collision, the effects of which continued into the latest Carboniferous with coeval development of flower structures and pull-apart basins in zones of local transpression and transtension."*

## **Local Geology**

The Property is overlain, from north to south, by hornblende quartzo-feldspathic gneiss, amphibolite, granite gneiss of the Great Village River and the quartzite and garnet-mica schist of Gambel Brook Formation, both are part of the Neoproterozoic Bass River Block and are the oldest rocks in the region. Afterwards is the Londonderry Fault which is at the interface with sedimentary rocks of the Carboniferous Mabou Group and is bordered to the south by the Cobequid Fault. Finally, the southernmost part of the Property is made of Carboniferous fluvial sandstone, calcrete limestone, conglomerate and mudstone rocks of the Parrsboro Formation (Pe-Piper and Piper, 2003).

## **Mineralization**

There are eight provincially mapped occurrences of mineralization on the Property (listed in Table 1 and situated in Figure 4), of which three occurrences include multiple samples across an area (E05-001, E05-055 and E05-058). No production data could be located regarding the past producers, certainly due to them being century-old mines (Gesner, 2019).

Table 1. List of mineralization occurrences on the Property.

<b>ID</b>	<b>Showing Name</b>	<b>Status</b>	<b>Mineral</b>	<b>Commodities</b>
E05-001*	Folly River Cu, Fe Occurrences	Showing	ankerite	Cu, Fe



<i>E05-008</i>	<i>Derry Fe Mine (Brooking Mine)</i>	<i>Past Producer</i>	<i>hematite</i>	<i>Fe, Ba</i>
<i>E05-009</i>	<i>Lornevale Fe Prospect (Matheson Brook)</i>	<i>Showing</i>	<i>ankerite</i>	<i>Fe</i>
<i>E05-026</i>	<i>Londonderry Pb, Zn Occurrence (Saltsprings Brook)</i>	<i>Showing</i>	<i>galena</i>	<i>Pb, Zn</i>
<i>E05-055*</i>	<i>Londonderry Fe Mine (Old Mountain Mines)</i>	<i>Past Producer</i>	<i>ankerite</i>	<i>Fe, Mn</i>
<i>E05-056</i>	<i>Londonderry Fe District (Martins Brook Workings)</i>	<i>Past Producer</i>	<i>limonite</i>	<i>Fe, Mn</i>
<i>E05-057</i>	<i>Cook Brook Fe Mine (Londonderry)</i>	<i>Past Producer</i>	<i>ankerite</i>	<i>Fe, Mn</i>
<i>E05-058*</i>	<i>Londonderry Fe Mines (West Mines)</i>	<i>Past Producer</i>	<i>limonite</i>	<i>Fe, Ba, Mn</i>

\*The showing includes multiple mineralization sites

#### **E05-001**

The Folly River showings span across 700 m over seven different locations with work having been done over different years. It is mostly ankerite veins with associated siderite, chalcopyrite, pyrite and minor azurite and malachite, cutting the metasilstone rocks in an E-W direction. In 1963 Noranda Exploration found up to 6000 ppm Cu in soil samples in this zone (Logan, 1963).

#### **E05-008**

The old Derry mine (E05-008) is less than 50 m from the Londonderry Fault, which runs north and parallel to the Londonderry Mine. The production was done on a hematite showing along a faulted contact between the metasediments of the Londonderry Formation and shear-related amphibolite and gabbros to the north. Mineralization consisted of large lenses of black and dark grey hematite cutting the fault zone; however, the silica content was deemed too high for the Londonderry furnaces and was, thus, not much mined. Other minerals present were ankerite and possibly barite along with 3-5% pyrite. A 65 m hole was drilled in 1966 to analyze the mineralized fault. The hematite body was not found, but the ankerite, carbonate and barite alteration of the Londonderry Fault was confirmed along with the intersection of gabbro rocks and faulted rocks. In 1996, O'Reilly found mineralization and collected 9 grab samples either from mine dumps or hematite outcrops. The iron-oxide samples don't have anomalies apart from Fe, while two grab samples (E5-96-G008 and E5-96-G009), intruding the carbonated altered and brecciated host rock, have anomalous values in Ba. Sample G0008 is also mentioned as having "abundant crystals of disseminated pyrite" (O'Reilly, 1997).

#### **E05-009**

The Lornevale showing spans across four locations, of which only one is on the property. It is located 300 m north of a N-S fault that intersects both the Londonderry and Cobequid faults. Specularite veins appear to cut the greenish-grey altered siltstones with some ankerite. An old pit is found (Ervine, 1994) along with several shallow sunken pits on the hill (Wright, 1975).

### **E05-026**

The Londonderry Pb-Zn occurrence is located close to the Cobequid Fault and is noted as having disseminated and fracture-filled mineralization associated with galena and sphalerite. The showing was not located during the 1987 field survey and no historical assay values could be found (Ervine, 1994)

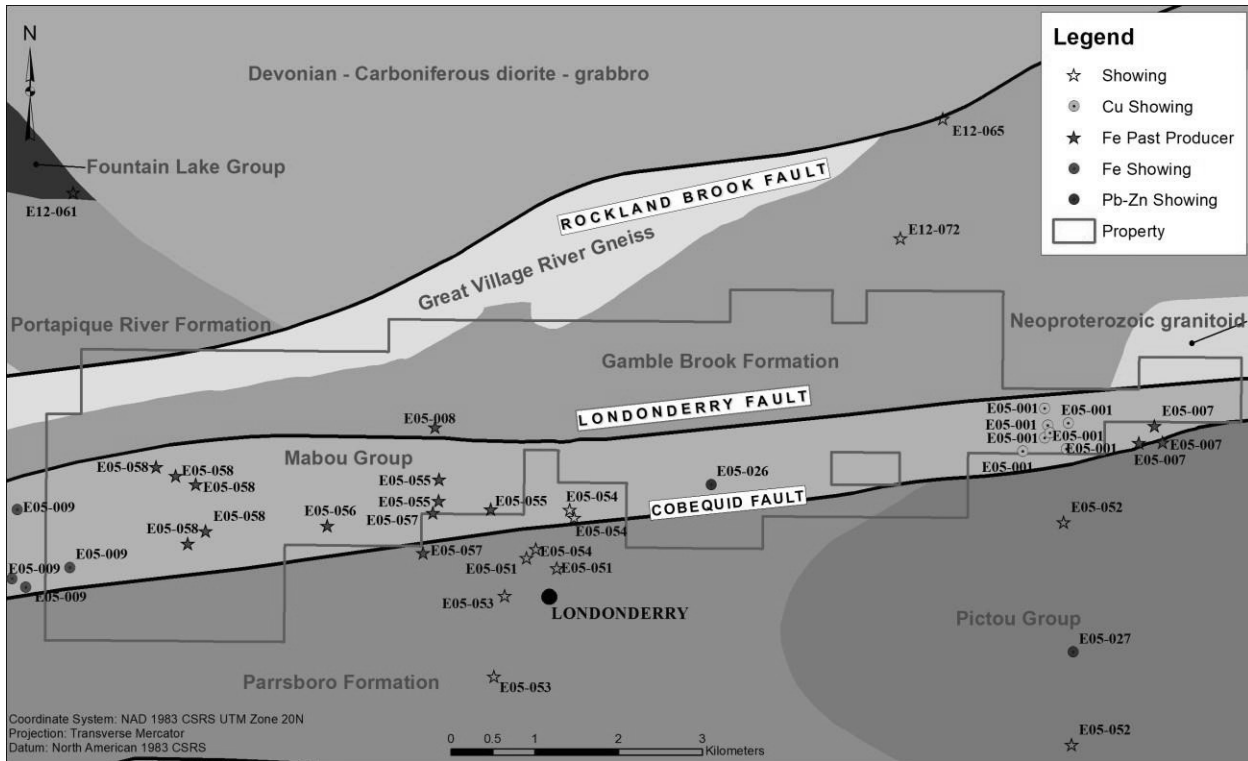
### **E05-055, E05-056 and E05-058**

The Londonderry Fe Mines (E05-058, E05-055, E05-056) were in production between 1874 and 1908 with three main shafts along the ore zone, and smaller ones all along the iron mineralization. The biggest producers were the West Mines and Martink Brook workings. Ore was around 50 to 58% Fe and 0.5 to 9.8 % Mn. The ankerite-siderite vein system, where production was conducted, strikes east and intrudes the Carboniferous rocks. Mineralization occurs in lenses with irregular shapes with some host-rock inclusions, no banding or internal structures, are medium to coarse-grained and range from narrow stringers to irregular masses up to 30 m wide. There was also barite mineralization, although not mined at the time, in white to pale pink coarse crystalline or irregular veins associated with iron-oxide carbonates and host rocks. It is also reported to have been disseminated as secondary mineral in hydrothermal-related wall rocks (Hughes, August 1995; G. A. O'Reilly, February 1997). On the Old Mountain side (E05-055) the mineralization does not continue to the Cook Brook prospect (E05-057), as mineralized veins finish on a slickenside wall. It is plausible that cross faults and veins on Old Mountain are wider and crushed (Wright, 1975).

### **E05-057**

The Cook Brook Mine is similar to nearby iron mines: iron-oxide minerals (limonite, goethite, hematite and specularite) in carbonate lenses. The ore is over short distances and stops at the altered light green slaty quartzite at the interface with the carbonated rocks. The mine was worked with 2 adits of three levels on each side of the Cook Brook valley. According to historical information, there was not much ore produced relative to the amount of work as there was no production below the local drainage (Wright, 1975).

Figure 2. Occurrences on the Property over local geology (Geoscience Atlas, 2019).



## (5) Exploration Information

### (a) Results of Surveys and Exploration

#### Heliborne Magnetic and TDEM Survey

In August 2018, Prospectair performed a heliborne magnetic and TDEM Survey for 21Alpha for the total amount of \$62,256. At the time of the survey, the Property limits were very similar to the current Property limits. The western part of the Property was covered by this survey and revealed 3 magnetic anomalies and multiple magnetic lineaments. Multiple conductor anomalies were found but seem to be associated with silty sediments in the southern part of the Property. However, one conductor axis is found on the Property and may be related to a bedrock source. The elements from this heliborne survey were used in the interpretation of targets on the Property due to their spatial relation to faults and geochemical anomalies, as discussed under Item 25.

#### Technical Report

In 2018, SL Exploration was hired to write a technical report on the property. That report provided the basis for the Cobequid Highlands Technical Report.

#### Hyperspectral Survey

In May 2020, Spark commissioned Nanospectra Geophysics (NSG) to acquire and analyze hyperspectral data over the Property, using their proprietary method, to detect anomalously high concentrations of gold and copper (Au-Cu). The NSG survey provided an additional 3 targets which can be seen in Appendix 9.

Prospective zones identified by the survey are included in Appendix 9, where they are displayed as polygons outlining zones of high prospectivity. These results are preliminary and should be followed-up with observations on the ground. Targets 6, 7 and 8 are primarily defined based the hyperspectral data (refer to Item 25.1).

**(b) Interpretation of the Exploration Information.**

The historical exploration work on the Property led to the discovery of multiple showings, including iron deposits that were mined in from the late 19th to early 20th century. Multiple copper occurrences are also found in association with iron showings. Those showings are hosted in the Mabou Group, located in-between two major faults: the Londonderry and Cobequid faults. The Mabou Group is known to host IOCG-style mineralization and alteration and the presence of those showings indicate good potential for this type of deposit on the Property.

Multiple geophysical, soil and rock anomalies found during historical work could be explained by the presence of IOCG mineralization. Eight targets (Figure 8) were identified by the author of this Technical Report. 5 targets were selected based on magnetic, gravity and geochemical data and their spatial relation to faults defined by the 2018 airborne magnetic compilation. 3 There are three targets based on the hyperspectral work. The targets are explained below.

Additionally, adjacent properties have showed some success by re-assaying older discoveries on their properties for base and precious metals, and industrial minerals. Such an effort should also be carried out on the Property as past exploration work did not assay for full suite of elements.

**Target 1**

This target is at the foothills of the Cobequid Highlands and contains a conductor of about 150 m related to a magnetic source and is at the junction of the major Cobequid Fault and a possible NW- SE fault (Dubé, 2018). High pXRF values of Ba and Fe were found in rock samples from that target zone in 2012. Just 100m to the NW is the Lornevale Fe showing where green-altered siltstone was observed along with ankerite in old pits. Less than 750 m away, semi-massive sulphide grab samples, from work executed by Cogonov Inc. in 2013, were discovered in pervasive silicified arenite, which returned high Cu values. This target is thus on a major structural trend and in the same geological unit where iron was mined and hydrothermal-related copper is confirmed.

**Target 2**

This target is related to EM anomalies associated to magnetic sources along a major structural fault (Londonderry). It also lies at the possible intersection of WSW-ENE and NNE-SSW faults. An old iron mine was located just to the east and a 1966 drill hole 350m to the east was noted as having an alteration halo which continued beyond the fault zone. This target is also at the eastern end of anomalous Ba-Fe-Cu rock values discovered in 2012 and is probably down-ice of a till survey with an anomalous Cu-Zn value.

**Target 3**

This target has two rock samples on its southern limit with anomalous values in Cu, Fe and Ba. It exhibits the strongest magnetic anomaly from the 2018 heliborne survey. This geophysical anomaly is locally bent, which suggests shearing, thereby making it a strong contender for

different mineralization styles (including IOCG). The target is adjacent to an E-W magnetic lineament and to the positive high amplitude gravimetric anomaly NS-24.

#### **Target 4**

Similar to Target #3, a strong magnetic anomaly is defining the target and is in a possible shear zone (as interpreted based on the heliborne survey) at the interface with the Londonderry Fault. This target is highly prospective for fracture-filled and hydrothermal-related mineralization such as IOCG deposits. There are nearby Cu-Pb-Zn soil anomalies to the SE of the target (possibly down-ice).

#### **Target 5**

Target 5 is located on the Londonderry Fault and its neighbouring units. The target superposes part of a regional gravity anomaly (NS-27) with multiples copper showings in its surrounding. If the copper anomaly correlates with the gravimetric anomaly, hydrothermal fluid may well have been concentrated close to the Londonderry Fault.

#### **Target 6**

Target 6 was identified by the hyperspectral survey. The target is located in the southern part of Licence 51736 and aligns with the Cobequid Fault, a major crustal fault structure. A rock sample in close proximity to this target yielded 1.77% Cu (NS-24-055).

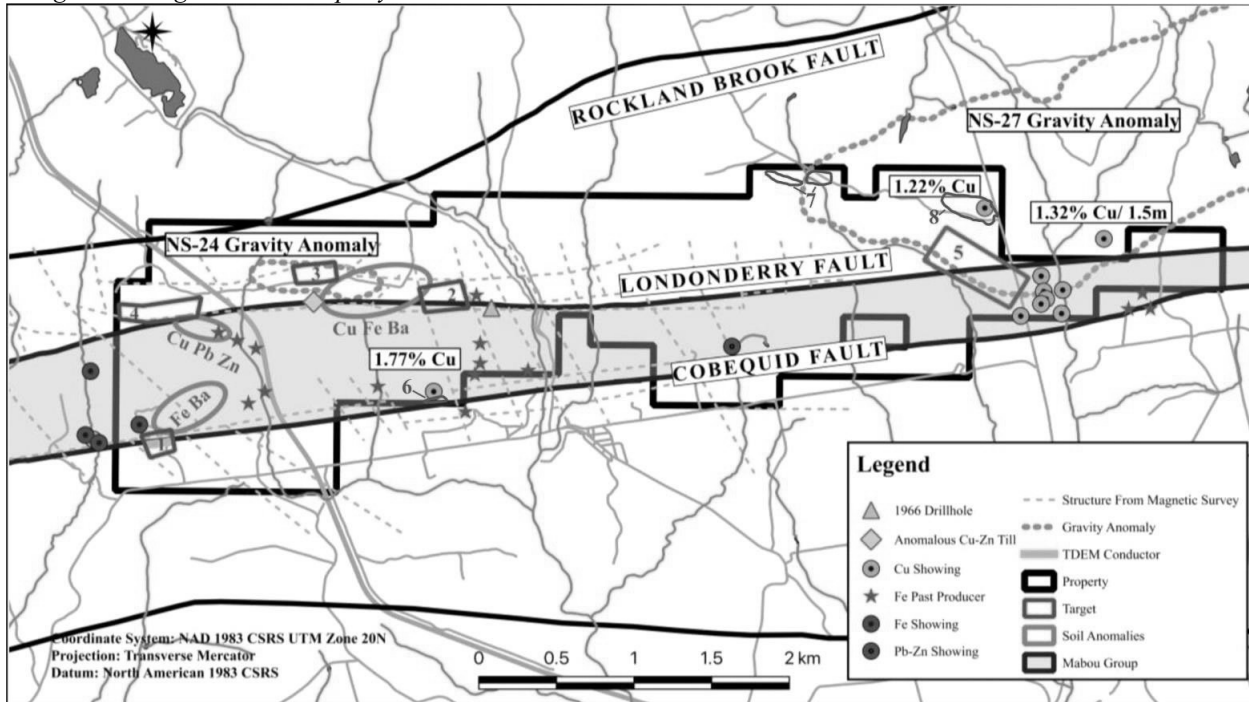
#### **Target 7**

Similar to the previous target, Target 7 is based on the interpretation of hyperspectral data. . During the site visit propylitic alteration and quartz veining were observed.

#### **Target 8**

Target 8 is the last one outlined by the hyperspectral work. It is located within the Minotaur gravity high NS27 and, had a previous rock grab with 1.22% Cu (Minotaur Rock Sample NS-27-008).

Figure 3. Targets on the Property.



**(c) Parties Conducting Exploration**

All surveys and investigations on the Initial Property have been carried out by contractors to Spark as described herein and in the Cobequid Highlands Technical Report.

**(d) Reliability or Uncertainty of the Data Obtained**

The data presented within the Cobequid Highlands Technical Report were collected from a variety of cited sources including historical documents, scientific papers and government websites. Other than a review of claim status, the author did not attempt to verify other Property information as the accuracy of information provided by the cited sources was considered to be sufficient. A current personal inspection was done by the Qualified Person.

**(6) Mineralization**

For information on mineralization, see above, Section 4.3(4) "Geological Setting – Mineralization".

Deposit Type

Iron Oxide-Copper-Gold (IOCG) deposits have only recently been described and characterized in the history of metallogenic deposits. IOCG deposits are economically significant, large scale, low-grade hydrothermal deposits with ore zones associated with regional scale alteration systems. The most prominent district in Canada for IOCG deposits is the Great Bear Magnetic Zone in the Yukon Territories (Corriveau, 2011). It hosts 31MT Au-Co-Bi-Cu NICO deposit and the 8Mt Cu-Ag-Au Sue Dianne deposit.

Most of these deposits are mainly associated with felsic magmatism and occur along a major crustal fault setting. Other proxies such as strong and pervasive alteration of Ca-Na, and a more

proximal content of Fe-K alteration are often found in these deposits. The alteration distribution is largely dependent on the host rock, within magmatic rocks it tends to be structurally controlled, while it is more discontinuous and scattered in sedimentary rocks. IOCG deposits show a strong preference for structural control. They are found mainly as a breccia, diatreme or karst. Like the alteration halo, the morphology of the deposit is strongly host-related (Figure 5). The mineralogy shows an abundant quantity of iron-oxide such as hematite and magnetite with an anomalous high ratio of Fe/Ti. They provide major sources of Fe, Cu, Au and, and anomalous contents of U, F, P, Co, Ni, As, Mo, Ag, Ba and rare earth elements (REE) (Kontak, 2006). No specific time-period is related to for their occurrences, as they can be found on Archean terranes (e.g., Salobo, Brazil) to Pliocene (e.g., El Laco, Chili). The mineralizing fluids are high temperature (400-600 °C) and contain CO<sub>2</sub>. The setup and alteration are syngenetic with the related intrusion (William et al. 2005; Jébrak and Marcoux, 2008).

### Regional Evidence

The CCFZ is a major crustal fault structure, striking on nearly 300 km across Nova Scotia, dated 365-350 Ma. It has recently been recognized as a potential zone to host IOCG-type mineralization associated with regional metamorphism, deformation, hydrothermal alteration and magmatism that occurred along the CCFZ.

There were multiple events of voluminous bimodal mafic-felsic intrusions during that time (Dunning et al., 2004). Many geochemical anomalies occur along the CCFZ; mainly: Fe, Cu, Au, Ba, Co and Ni. Hydrothermal alteration is well-documented along the CCFZ. Their emplacement occurs between ca. 344-312 Ma. Different breccias are found along this zone, such as in the Mabou Group. Large carbonate and iron oxide formation are also found along the CCFZ. They are found mainly in the form of a vein or breccia system containing siderite, ankerite, magnetite and hematite (MacHattie and O'Reilly, 2009).

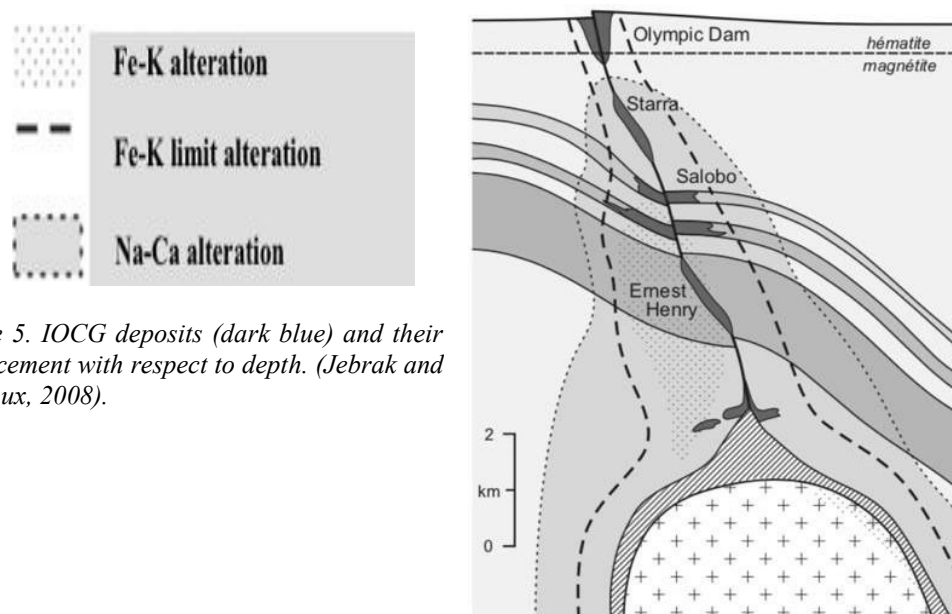


Figure 5. IOCG deposits (dark blue) and their emplacement with respect to depth. (Jébrak and Marcoux, 2008).

## Londonderry IOCG

Many different mineral occurrences have been found on the Property that may relate to IOCG mineralization (see item 7.3 Mineralization). Oxides can be found such as azurite, hematite, magnetite, malachite, goethite and limonite. Sulphides such as barite, galena, sphalerite, chalcopyrite, bornite and pyrite, and ferruginous carbonates also exist. The sulphides are found mainly in irregular masses or lenses of goethite, limonite and hematite and within larger carbonate lenses containing inclusion of host rocks with varying width going from narrow stringers to 15 to 30 m. The nearby geology shows felsic plutonic intrusive rocks and minor mafic intrusions and dikes. The CCFZ is going through the property, where the timing is syn-intrusive (Wright, 1975). Appendices 4 and 5 show pictures of IOCG mineralization.

### **(7) Drilling**

No drilling was performed on the Property by Spark.

### **(8) Sampling and Analysis:**

No sampling was performed on the Property. However, in connection with preparing the Cobequid Highlands Technical Report, Alex MacKay, P. Geo, the author of the Cobequid Highlands Technical Report, conducted a personal inspection on the Property and the following aspects were observed on September 11, 2020:

### **Property Access**

The Property is accessible during all seasons through the Trans-Canada highway and Route 14. Also, trails allow access on foot to the transmission line. The location of observation stations can be found in Table 2 and Figure 6.

*Table 2. UTM coordinates of visited sites (NAD83 Zone20N)*

Site #	X_NAD83	Y_NAD83
AM1	448898	5036083
AM2	447663	5038052
AM3	457944	5038886
AM4	454999	5039537
AM5	455917	5039233
AM6	452135	5037627



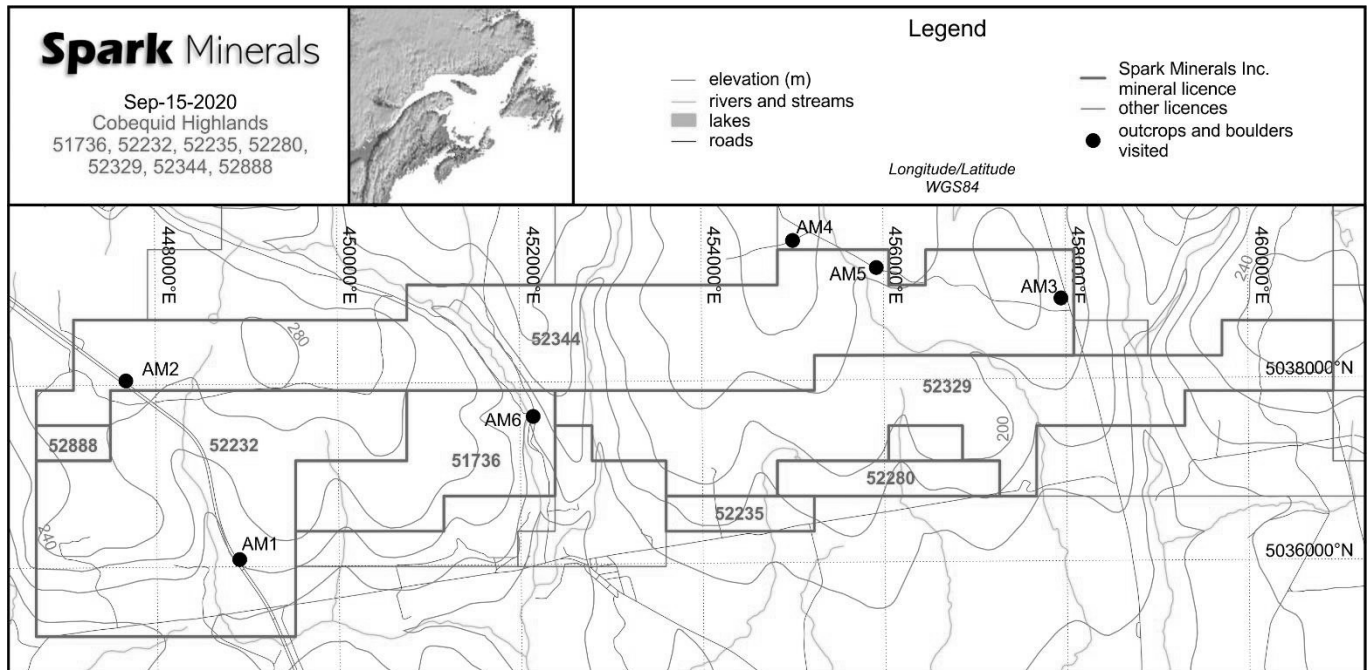


Figure 4. Sites visited during the current Personal Inspection.

## Outcrop Sites

### AM1

This is a >100 m outcrop exposed along the side of Hwy 104. It features black fine-grained meta-sediments with several mafic volcanic units ranging from 1-3 m in width. The volcanics appear to follow the bedding of the meta-sediments. Small pockets of pyrite mineralization were observed in the volcanics. Ankerite mineralization is common within the volcanics and sometime displays as veinlets in the metasediments. A small spot of malachite (Cu-oxides) was observed in one ankerite vein at this site.

### AM2

This sample was collected from a 10-metre long diorite exposure along the side of Hwy 104. Several highly sulphidized zones were observed within the diorite. Diorite had fine pyrite disseminated throughout the matrix.



Figure 7.-Rocks observed at site AM1

### AM3

This is an active quarry with lots of exposure. During the site visit, the face was actively being worked on with machinery, so only rubble piles were observed. Rocks observed were of dioritic composition with trace pyrite and quartz veining. Some possible sediments appear on the face, but that could not be confirmed by closer inspection. This site corresponds with one of the hyperspectral targets (Target 8) and was also the site of a 1.22% Cu rock sample collected by Minotaur Atlantic in 2008. (Belperio et al. 2008).

AM4

This outcrop runs along the north side of a forestry road. It is just off the claims in this report, but lies within another Spark claim. It is also in the vicinity of another hyperspectral target (Target 8). The outcrop is an altered mafic volcanic, the dominant alteration is propylitic with some clay veining. There is some minor brecciation and some quartz veining in rubble on the southern side of the road.



*Figure 8. Typical Quartz Veins observed in the field*

AM5

Two large, up to 1m, angular white quartz boulders were located along the road side. These boulders were likely dug up during construction of the road. In addition to the large boulders, several other small quartz boulders were observed in the vicinity. It is the author's opinion that these are very local.

AM6

A large silicified diorite face with pyrite on fractures is found at this site. Several faults are apparent



*Figure 9.-Large Quartz Boulders observed at site*

along the face and have an attitude of 090/60 (RHR). This outcrop is on the road side along a large gorge. Across the gorge, the same rocks are in contact with meta-sediments.

## **(9) Security of Samples**

The Cobequid Highlands Technical Report indicated that this section does not apply to the Cobequid Highlands Technical Report.

## **(10) Mineral Resources and Mineral Reserves**

The Cobequid Highlands Technical Report indicated that no Mineral Resource and no Mineral Reserve, as currently defined by Canadian Institute of Mining, Metallurgy and Petroleum have been outlined on the Property.

## **(11) Mining Operations**

Not applicable.

## **(12) Exploration and Development**

The Cobequid Highlands Technical Report noted that the Property is at an early exploration stage.

The Property overlies lithological and structural environments could be attributed to IOCG mineralization within the Cobequid-Chedabucto Fault Zone (CCFZ). The Property is located in a prospective zone of the CCFZ for the discovery of IOCG mineralization in an area where iron was historically mined and several base metals showings occur. The Mabou sedimentary rocks are contained between two regional-scale faults where hydrothermal alteration associated with base metals mineralization is reported. Modern exploration activity in and around the Property dates back to 1963. Expenditures related to various exploration activities including geological mapping, geophysical surveys, geochemical analyses and drilling within the IOCG Spark claims are estimated to be in excess of 10 million dollars (expenditures are found in reports listed under section 6.1 and can be accessed via the Nova Scotia geological database NovaROC).

The identification of multiple coincident geophysical and geochemical anomalies from recent exploration, their association with regional faults and the observation of copper mineralization in rock samples are encouraging factors for the potential of the Property to host IOCG mineralization.

### **Recommendations**

The Cobequid Highland Property was historically covered with multiple geochemical and geophysical surveys. A review of the Property's geochemical anomalies should be done to better interpret the recent airborne EM survey to identify additional targets. A field survey should also be conducted around the magnetic or gravity anomalies used by the author to define the first five targets, and this work should be extended to the three hyperspectral targets. Since alteration halos and iron content are a strong component of IOCG-type deposits, the survey would consist of prospecting and mapping of the targets for alteration styles. This work should be augmented with mineralogical studies. The survey should also include re-assaying of known showings for base metals, industrial minerals and precious metals. The Phase I budget is presented in the tables below and is estimated at approximately \$315,957.

Proposed Budget

	<b>Work</b>	<b>Cost (CAD\$)</b>
Phase I	Claim expenses	45,240
	Renewal fees	3,717
	Permitting	3,000
	Geological mapping and prospecting	45,000
	Geological consultants	15,000
	Re-interpretation of geophysical data	25,000
	Rock sample assaying	15,000
	Vehicle rental	5,000
	Mineralogical studies	10,000
	Field Camp Expenses	15,000
	Field supplies and equipment	2,500
	Miscellaneous expenses	7,000
	Food	5,000
	Fees	500
	Travel expenses	4,000
	Reporting	15,000
	Focused high resolution gravitu	30,000
	Soil sampling	40,000
	Report 43-101: 19 remaining claims	30,000
	<b>Total :</b>	<b>315,957</b>

	<b>Work</b>	<b>Cost (CAD\$)</b>
Phase II	Land Holder cost	1,400
	Community Outreach	7,000
	Environmental studies	2,000
	Permitting	2,000
	Core loggers/geotechnicians	90,000
	Geological consultants	63,000
	Hyperspectral survey (NSG)	100,000
	Drill core assaying	150,000
	Drill programme	300,000
	Geophysical interpretation	25,000
	Vehicle rentals	4,500

	Camp and accommodations	27,000
	Field supplies and equipment	2,500
	Food	10,000
	Miscellaneous expenses	40,000
	Reporting	15,000
	<b>Total :</b>	<b>839,400</b>

## 5. SELECTED FINANCIAL INFORMATION

### 5.1 Financial Information - Annual Information

#### Company

The following selected financial information is derived from and subject to the detailed information contained in the audited annual financial statements of the Company for the period from incorporation on January 16, 2019 to December 31, 2019 and the year ended December 31, 2020, and related notes thereto as set out in Schedule "A" to this Disclosure Document. This information should only be read in conjunction with the Mongoose Audited Financial Statements.

	<b>(Audited) For the Year Ended December 31</b>	
	<b>2019 (\$)</b>	<b>2020 (\$)</b>
Total revenues	Nil	Nil
Net income (loss) continuing operations	(203,616)	(64,338)
Net income (loss) per share basic / fully diluted	(0.04)	(0.01)
Total assets	432,215	383,481
Total long-term liabilities	Nil	Nil
Cash dividends declared	Nil	Nil

#### Spark

A summary of selected financial information of Spark for the years ended December 31, 2020 and December 31, 2019 is set out below and should be read in conjunction with the Spark Financial Statements attached here to as Schedule "B":

	<b>(Audited) For the Year Ended December 31</b>	
	<b>2019 (\$)</b>	<b>2020 (\$)</b>
Total revenues	Nil	Nil
Net income (loss) continuing operations	(3,229)	(87,098)
Net income (loss) per share basic / fully diluted	(0.03)	(0.44)
Total assets	125,186	699,772
Total long-term liabilities	Nil	Nil
Cash dividends declared	Nil	Nil

## 5.2 Financial Information – Quarterly Information

### Company

The following information is in respect of the Company for the eight quarters preceding the date of this Disclosure Document:

<b>Quarter Ended</b>	<b>Total Revenues</b>	<b>Net Loss (\$)</b>	<b>Basic and diluted loss per share (\$)</b>
December 31, 2020	Nil	(27,251)	(0.00)
September 30, 2020	Nil	(17,523)	(0.00)
June 30, 2020	Nil	(10,968)	(0.00)
March 31, 2020	Nil	(8,596)	(0.00)
December 31, 2019	Nil	(100,888)	(0.02)
September 30, 2019	Nil	(10,380)	(0.00)
June 30, 2019	Nil	(35,902)	(0.01)
Incorporation (January 16, 2019) - March 31, 2019	Nil	(55,061)	(0.01)

Copies of the unaudited interim financial statements for the periods listed above for the Company are available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). A copy of the audited financial statements of the Issuer for the period ended December 31, 2020 are attached as Schedule "A" to this Disclosure Document.

### Spark

As a non-reporting issuer Spark did not prepare interim financial statements therefore no information is provided for this item.

#### **5.3 Dividends**

Neither the Company nor Spark have paid any dividends on their common shares since incorporation.

Other than restrictions in the BCBCA there are no restrictions on the Resulting Issuer's ability to declare dividends.

With respect to the Resulting Issuer, the payment of dividends, if any, will rest within the sole discretion of the directors of the Resulting Issuer. The decision to declare and pay dividends depends upon earnings, capital requirements and financial condition, as well as other relevant factors. Since incorporation, Spark has not declared any cash dividends and it intends to retain its earnings to finance the growth and expansion of its operations. As such, Spark and the Company do not anticipate that the Resulting Issuer will pay any dividends on the Resulting Issuer Shares or other securities in the foreseeable future.

#### **5.4 Foreign Generally Accepted Accounting Principles (GAAP)**

The Company does not present its financial information on the basis of foreign GAAP.

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

The Company's management's discussion and analysis for the year ended December 31, 2020 is available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) and is attached as Schedule "C" hereto.

Spark's management's discussion and analysis for the year ended December 31, 2020 is attached as Schedule "D" hereto.

### **7. MARKET FOR SECURITIES**

The Mongoose Shares are listed for trading on the Exchange as "MNG" and it is not anticipated that the symbol will change following completion of the Transaction.

### **8. CAPITALIZATION**

The following table outlines the capitalization of the Company as at December 31, 2020 and as at the date of the Disclosure Document. The table should be read in conjunction with the Mongoose Financial Statements and with a reference to the material changes as further described beneath the table.

<b>Designation of Security</b>	<b>Amount Authorized</b>	<b>Outstanding as of December 31, 2020</b>	<b>Outstanding as of date of Disclosure Document prior to giving effect to the Transaction</b>
Mongoose Shares	Unlimited	9,403,000	3,299,298
Mongoose Options	10% of issued and outstanding Mongoose Shares	927,800	325,543
Mongoose Warrants	N/A	292,800	102,736

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Transaction, and should be read with the unaudited pro forma financial statements of the Resulting Issuer included as Schedule "E" hereto:

<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding after Transaction</b>
Resulting Issuer Shares	Unlimited	
<ul style="list-style-type: none"> <li>• Mongoose Shares after the Mongoose Consolidation</li> </ul>		3,299,298
<ul style="list-style-type: none"> <li>• Spark Shares</li> </ul>		22,000,000
<ul style="list-style-type: none"> <li>• Flow-Through Spark Shares</li> </ul>		2,500,000
<ul style="list-style-type: none"> <li>• Spark Shares to be issued on exercise of the Spark Subscription Receipts</li> </ul>		4,000,000
<ul style="list-style-type: none"> <li>• Resulting Issuer Finder Shares</li> </ul>		500,000
<b>Designation of Security</b>	<b>Authorized Amount</b>	<b>Amount Outstanding after Transaction</b>
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer 2019 Finder Warrants	102,736	102,736
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer 2020 Warrants	2,500,000	2,500,000
Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Options	10% of issued and outstanding Mongoose Shares	685,542



Resulting Issuer Shares reserved for issuance under the Chu Chua Option Agreement	140,350	140,350
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For further details about the Company's issued securities, see Section 14 – *Capitalization*.

## 9. OPTIONS TO PURCHASE SECURITIES

### *Resulting Issuer Option Plan*

The Mongoose Option Plan will continue to be the stock option plan of the Resulting Issuer.

The Mongoose Option Plan was approved by the Issuer's directors on March 11, 2019. The purpose of the Mongoose Option Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants (together "**eligible persons**") of the Company and of its affiliates and to closely align the personal interests of such eligible persons with the interests of the Company and its shareholders.

The Mongoose Option Plan provides that so long as the Issuer is a non-reporting issuer, the maximum number of shares which may be issued pursuant to options granted under the Mongoose Option Plan shall be that number equal to 10% of the Company's then issued share capital on the date on which an option is granted.

From the date that the Company becomes a reporting issuer with its shares listed on a stock exchange, the Mongoose Option Plan provides that the aggregate number of shares reserved for issuance will be 10% of the number of Mongoose Shares of the Company issued and outstanding from time to time.

The Mongoose Option Plan will be administered by the Board of Directors, who will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Mongoose Option Plan to such eligible persons of the Company and its affiliates, if any, as the Board may from time to time designate. The exercise prices shall be determined by the Board, but shall, in no event, be less than the closing market price of the Company's shares on the Exchange on the date of grant of such options, less the maximum discount permitted under the Exchange policies. The Mongoose Option Plan provides that after the Listing Date, the number of Mongoose Shares issuable on the exercise of options granted to all persons together with all of the Company's other previously granted options may not exceed 10% of the Company's issued and outstanding common shares on a non-diluted basis, from time to time. In addition, the number of Mongoose Shares, which may be reserved for issuance to any one individual upon the exercise of all stock options held by such individual within a one-year period, may not exceed 5% of the Mongoose Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Company. Subject to earlier termination in the event of dismissal for cause, early retirement, voluntary resignation or termination other than for cause, or in the event of death or disability, all options granted under the Mongoose Option Plan will expire on the date set by the Board as the expiry date of the option, which expiry date shall not be more than ten years from the date that such options are granted. Options granted under the Stock Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

The following table sets out information about the Options that will be issued and outstanding pursuant to the Mongoose Option Plan following the Transaction:

<b>Category</b>	<b>Number of Optionees</b>	<b>Date of Grant</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Executive officers and past executive officers of the Resulting Issuer	2	Nov 17, 2019	195,326	\$0.285	Nov 17, 2024
	1	Sept 30, 2020	360,000	\$0.025	Sept 30, 2020
Directors and past directors of the Resulting Issuer who are not also executive officers of the Resulting Issuer	2	Nov 17, 2019	130,216	\$0.285	Nov 17, 2024
Executive officers and past executive officers of all subsidiaries of the Resulting Issuer who are not also directors or executive officers of the Resulting Issuer	Nil	Nil	Nil	Nil	Nil
Directors and past directors of those subsidiaries who are not also executive officers of a subsidiary and who are not also directors or executive officers of the Resulting Issuer	Nil	Nil	Nil	Nil	Nil
Other employees and past	Nil	Nil	Nil	Nil	Nil

employees of the Resulting Issuer					
Other employees and past employees of subsidiaries of the Resulting Issuer	Nil	Nil	Nil	Nil	Nil
Consultants	Nil	Nil	Nil	Nil	Nil
Any other person or company	Nil	Nil	Nil	Nil	Nil
<b>TOTAL</b>	<b>5</b>	<b>-</b>	<b>685,542</b>	<b>-</b>	<b>-</b>

## 10. DESCRIPTION OF SECURITIES

### 10.1 General

#### Description of the Securities

##### Resulting Issuer Shares

The share structure of the Resulting Issuer will be the same as the share structure of Mongoose and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each Mongoose Consolidated Share.

The authorized share capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value.

Holders of Resulting Issuer Shares will be entitled to receive notice of, and to attend and vote at, all meetings of the Resulting Issuer Shareholders, and each Resulting Issuer Share will confer the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Resulting Issuer Board.

Holders of Resulting Issuer Shares will be entitled to receive dividends if, as and when declared by the Resulting Issuer Board.

In the event of a liquidation, dissolution or winding up of the Resulting Issuer or other distribution of assets of the Resulting Issuer among the holders of Resulting Issuer Shares, holders of Resulting Issuer Shares will rank equally as to priority of distribution.

##### Resulting Issuer 2019 Finder Warrants

Each Resulting Issuer 2019 Finder Warrant is exercisable into one Resulting Issuer Share at a total exercise price of \$0.285 at any time on or before November 28, 2021.

### Resulting Issuer 2020 Warrants

Each Resulting Issuer 2020 Warrant is exercisable into one Resulting Issuer Share at a total exercise price of \$0.25 at any time on or before December 30, 2023.

### Resulting Issuer Options

See Section 9 "*Options to Purchase Securities – Resulting Issuer Option Plan*".

## **10.2 Other attributes**

Not applicable

## **10.3 Prior Sales**

### **The Company**

The Company issued 100,000 Mongoose Shares on Nov. 28, 2020 in accordance with the property option agreement for Chu Chua. The Company has not issued any other Mongoose Shares in the 12 months prior to the date of this Disclosure Document.

### **Spark**

#### *Flow-Through Private Placement*

On December 30, 2020, Spark completed a private placement of 2,500,000 flow-through units ("**Spark FT Units**") at a price of \$0.20 per FT Unit for gross proceeds of \$500,000. Each FT Unit consisted of one Spark FT Share and one Spark FT Warrant. Each whole Spark FT Warrant will be exercisable for one non-flow through Spark Share at a price of \$0.25 for a period of 36 months from the date of issuance.

#### *Spark Private Placement*

Spark proposes to completed the Spark Private Placement. The Spark Private Placement will consist of the sale of Spark Subscription Receipts by Spark at a price of \$0.25 per Spark Subscription Receipt for gross proceeds of at least \$1,000,000.

Each Spark Subscription Receipt issued in connection with the Spark Private Placement will be automatically converted immediately prior to the completion of the Transaction, without further payment or action on the part of the holder, upon satisfaction of the Escrow Release Conditions, into one Spark Share, subject to adjustment as provided for in the Subscription Receipt Agreement.

Subject to certain assumptions discussed above under Section 3.1(2) "*General Development of the Business of Spark Prior to the Transaction – The Transaction*", the Spark Shares will be exchanged for Mongoose Consolidated Shares in accordance with the terms of the Share Exchange Agreement.

A portion of the gross proceeds of the Spark Private Placement, being the Escrowed Funds, are being held in escrow by the Subscription Receipt Agent in accordance with the Subscription Receipt Agreement and will be released to Spark upon the satisfaction of the Escrow Release

Conditions, provided that the Escrow Release Conditions are satisfied at or prior to the Escrow Release Deadline.

#### 10.4 Stock Exchange Price

The Mongoose Shares currently trade on the Exchange.

Month or Quarter	Minimum Closing Price	Maximum Closing Price	Volume
April 1 – May 16, 2021	-	-	-
Q1 2021	0.05	0.22	119,593
Q4 2020	--	--	Nil
Q3 2020	\$0.05	\$0.05	4,000
Q2 2020	--	--	Nil
Q1 2020	\$0.11	\$0.135	20,000
November 29, 2019 – December 31, 2019 <sup>1</sup>	\$0.12	\$0.15	491,057

**Notes:**

1. The Mongoose Shares began trading on the Exchange on November 29, 2019.

#### 11. ESCROWED SECURITIES

The Company is subject to an escrow agreement dated June 11, 2019 between the Company, Olympia Trust Company, as escrow agent, and certain holders of Mongoose Shares. The escrow was entered into in relation to the initial public offering of the Company. As at the date of this Disclosure Document, the following are shares that are remaining in escrow:

Name	Number of Escrowed Mongoose Shares	Amount of Resulting Issuer Shares Outstanding after Transaction
John van Driesum	60,000	21,052
Chris Allchorne	180,000	63,157
Kelly McDonald	240,000	84,210
Arif Shivji	240,000	84,210
<b>TOTAL</b>	<b>720,000</b>	<b>252,629</b>

The escrow agreement provides that 10% of the escrowed securities will be released from escrow upon the Listing Date and that, where there are no changes to the Mongoose Shares initially deposited and no additional escrow securities, the remaining escrowed securities will be released in equal tranches of 15% every six month interval thereafter, over a period of 36 months.

In accordance with NP 46-201, all common shares of an “emerging issuer” (as such term is defined in NP 46-201) which are owned or controlled by its Principal (as such term is defined below) will be escrowed at the time of the issuer’s initial public offering, unless the shares held by the Principal or issuable to the Principal upon conversion of convertible securities held by the Principal, represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the initial public offering. It was determined upon completion of the Transaction, that the Resulting Issuer is classified as an emerging issuer. The following table shows the securities of the Resulting Issuer that will be subject to the Escrow Agreement:

<b>Name</b>	<b>Number of Escrowed Resulting Issuer Shares</b>	<b>Amount Outstanding after Transaction</b>
21Alpha	6,993,007	6,993,007
Maximos	13,006,993	13,006,993
Terry Coughlan	250,000	250,000
Matthew Allas	1,000,000	1,000,000
<b>TOTAL</b>	<b>21,250,000</b>	<b>21,250,000</b>

Notes: Terry Coughlan will also hold 360,000 Resulting Issuer Options.

The Resulting Issuer Shares to be held in escrow pursuant to the terms of the Escrow Agreement shall be released in accordance with the release schedule set forth therein. Pursuant to the Escrow Agreement, 10% of the escrowed Resulting Issuer Shares will be released by the Escrow Agent on the date of the listing on the Exchange followed by six subsequent releases of 15% every six months thereafter, subject to the rules of the Exchange.

Pursuant to the terms of the Escrow Agreement, the escrow shares may be transferred within escrow to an individual who is a director or senior officer of the Issuer or of material operating subsidiary of the Issuer, subject to the approval of the Resulting Issuer’s board of directors, or to a person or Issuer that before the proposed transfer holds more than 20% of the voting rights attached to the Resulting Issuer’s outstanding securities, or to a person or issuer that after the proposed transfer will hold more than 10% of the voting rights attached to the Resulting Issuer’s outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries. Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of escrow shares, the escrow shares may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of escrow shares, all securities of the deceased holder will be released from escrow to the deceased holder’s legal representative.

For the purposes of NP 46-201 “Principals” includes all persons or companies that, on the completion of the initial public offering, fall into one of the following categories:

- (a) directors and senior officers of the Issuer or a material operating subsidiary of the Issuer, at the time of the initial public offering;
- (b) promoters of the Issuer during the two years preceding the initial public offering;

- (c) those who own and/or control, directly or indirectly, more than 10% of the Issuer's voting securities (on a fully diluted basis) immediately before and immediately after completion of the initial public offering and if they also have elected or appointed or have the right to elect or appoint a director or senior officer of the Issuer or of a material operating subsidiary of the Issuer;
- (d) those who own and/or control more than 20% of the Issuer's voting securities (on a fully diluted basis) immediately before and immediately after completion of the initial public offering; and
- (e) the spouse(s) and relative(s) that live at the same address as any of the above.

## 12. PRINCIPAL SHAREHOLDERS

Following completion of the Transaction, except as noted below, no person will beneficially own, directly or indirectly, or exercise control or direction over 10% or more of the Resulting Issuer Shares.

Name	Number of Resulting Issuer Shares	Percentage of class (undiluted / diluted)
21Alpha	6,993,007	21.6% / 19.7%
Maximos	13,006,993	40.3% / 36.5%

To the knowledge of the Resulting Issuer, no voting trust exists such that more than 10% of any class of voting securities of the Resulting Issuer are held, or are to be held, subject to any voting trust or other similar agreement.

## 13. DIRECTORS AND OFFICERS

### 13.1 Directors and Executive Officers of the Resulting Issuer

Following completion of the Transaction, the Resulting Issuer's board of directors and executive officers will consist of the individuals set out in the table below:

Name, place of residence and position with the Resulting Issuer	Principal occupation during past five years	Director or Officer of Spark/Mongoose since:	Number of Resulting Issuer Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup> :	Percentage of Resulting Issuer Shares (undiluted) <sup>(2)</sup> :
Matthew Allas Director <i>Ontario, Canada</i>	President and CEO of Maximos;	Director of Spark since July 30, 2019	1,000,000	3.1%

	Investment Banker			
Terry Coughlan President, CEO and Director, <i>Nova Scotia, Canada</i>	Senior mining executive; Chairman of GoGold Resources Inc.; Geological consultant	To be appointed in connection with Share Exchange	250,000	0.77%
Steve Cummings CFO, Director, <i>Nova Scotia, Canada</i>	Founder of Cambridge Financial Services	To be appointed in connection with Share Exchange	Nil	Nil
John Allan Director, <i>Newfoundland &amp; Labrador</i>	Independent Businessman	To be appointed in connection with Share Exchange	Nil	Nil
John van Driesum Director, <i>Victoria, British Columbia</i>	Consultant	January 16, 2019	26,315	0.08%
Gerasimos (Gerry) Sklavounos Jr. Director, <i>Montreal, Québec</i>	Consultant	To be appointed in connection with Share Exchange	Nil	Nil

**Note:**

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Resulting Issuer, has been furnished by the respective nominees individually.
- (2) Based on 32,299,298 common shares issued and outstanding.

Pursuant to the terms of an agreement between Mongoose, 21Alpha and Maximos (the "**Board Nomination Agreement**"), to be entered into at Closing, 21Alpha and Maximos will use their best efforts to cause Mr. van Driesum, acting as representative of Mongoose, to be included as a proposed director in the Resulting Issuer's management slate of directors to be put forth for appointment at the Resulting Issuer's annual general meetings of Shareholders until the period ending 36 months from the Closing Date. 21Alpha and Maximos will covenant in such agreement to vote in favour of this nominee during this 36 month period.

The Board Nomination Agreement will be available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).



### **13.2 Period of Service of Directors**

Each of the directors and officers will be appointed upon the closing of the Transaction. The term of each director will expire on the date of the next annual general meeting, unless his or her office is earlier vacated or he or she is removed in accordance with the Resulting Issuer's articles and the BCBCA.

### **13.3 Directors and Officers Common Share Ownership**

As of the date of this Disclosure Document, the directors and executive officers of the Company, beneficially own, directly or indirectly, or over which control or direction is exercised, as a group, 1,276,315 Resulting Issuer Shares, representing approximately 4.0% of all outstanding voting securities of the Company on a non-dilutive basis.

### **13.4 Committees**

The Resulting Issuer will have two Board committees as follows:

#### *Audit Committee*

The Audit Committee will be comprised of John Allan (Chairman), Matthew Allas and John van Driesum.

#### *Compensation Committee*

The Compensation Committee will be comprised of John van Driesum (Chairman), John Allan and Matthew Allas.

### **13.5 Principal Occupation of Directors and Officers**

Information regarding the principal occupation of the directors and officers of the Company is set out in the table in Section 13.1.

### **13.6 Orders, Events and Bankruptcies**

Other than as disclosed herein, no proposed director or executive officer of the Resulting Issuer or a shareholder that will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date of the Disclosure Document has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer cease to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **13.7 Penalties or Sanctions**

Other than as disclosed below, no proposed director or executive officer of the Resulting Issuer, or a shareholder that will hold a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **13.8 Disclosure of Settlement Agreements**

This section is not applicable to the Company.

### **13.9 Personal Bankruptcies**

Except as disclosed herein, no proposed director or executive officer of the Resulting Issuer or a shareholder that will hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Disclosure Document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **13.10 Conflict of Interest**

The proposed directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of Spark's and the Company's knowledge, there are no known existing or potential conflicts of interest among the Resulting Issuer, proposed directors, executive officers or other members of management of the Resulting Issuer as a result of their outside business interests except that certain proposed directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies. See "*Risk Factors*".

The following table sets out the directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers.

<b>Director/Officer</b>	<b>Other Reporting Issuers</b>
Terence Coughlan	GoGold Resources Inc.
Steven Cummings	MedMira Inc.

### **13.11 Management Biographies**

The following are brief biographies of the current officers and directors of the Company and a brief biography of the proposed directors and management of the Resulting Issuer:

#### **Matthew Allas – Age 41 –*Chairman and Director***

Mr. Allas has been the President and Chief Executive Officer of Maximos since 2018. For the fourteen years prior, Mr. Allas was an investment banker and investment professional in the natural resource industry where he advised numerous companies on growth and financing strategies. Mr. Allas holds a Bachelor of Arts (Economics, Physics) degree from Mount Allison University.

#### **Terence Coughlan – Age 59– *CEO, President and Director***

Terence Coughlan P.Geo holds a B.Sc. (geology) degree from St. Mary's University (1987) and has been actively involved in the mineral resource industry since 1984. Mr. Coughlan was director of Gammon Gold Inc. and served as Vice President and Director of that company from 1997 to December 2003. Mr. Coughlan was President and CEO of GoGold Resources Inc. from January 2008 until January 2016 and Chairman from 1997 until July 2019. He was also Vice President of Acadian Mining Corporation from 2003 to February 2010 and a director of Acadian Mining Corporation from 2003 until November, 2009. Mr. Coughlan was a Director of Royal Roads Corp. from August, 2008 to February, 2010. Mr. Coughlan is a qualified person as defined by National Instrument 43-101, *Standards of Disclosure for Mineral Projects*. Mr. Coughlan holds a B.Sc. (geology) degree from St. Mary's University (1987).

#### **Steve Cummings – Age 57 – *CFO and Director***

Steven Cummings is the Founder & President of Cambridge Financial Services, one of the leading full service accounting, tax, and business advisory firms in Nova Scotia. Under Mr. Cummings leadership, Cambridge Financial has earned an enviable reputation among businesses and industry for a commitment to high standards. Along with his leadership responsibilities at Cambridge Financial Services, Mr. Cummings was engaged as the interim Chief Financial Officer of Medmira Inc., a Canadian publicly traded biotech company, between May 2007 and July 2008 in connection with a strategic restructuring process. With more than 30 years of financial and entrepreneurial experience, Mr. Cummings is a frequent guest speaker on issues surrounding provincial taxation, taxation of seniors, and business ownership.

#### **John Allan – Age 61 – *Director***

Mr. Allan has been involved in private business for over 40 years in Atlantic Canada, with ownership in numerous companies ranging from heavy civil construction, equipment parts, protective clothing for mining and offshore personnel as well as commercial and residential real

estate development. Over the past decade Mr. Allan has developed solid relationships with federal, provincial and municipal governments.

**John van Driesum – Age 62 – Director**

Mr. van Driesum holds a B.A. and LLB with over 25 years of experience as a lawyer in commercial transactions. He has been an officer and director in a number of software, technology, and mining companies over the past 30 years both in North America and through Europe and Oceania.

**Gerasimos (Gerry) Sklavounos, Jr. – Age 46 – Director**

Mr. Sklavounos is an international business consultant, attorney and former four-term parliamentarian based in Montreal, Canada. Mr. Sklavounos has been called upon to collaborate on projects and ventures in various parts of the world and in diverse areas of economic activity, including the health, pharmaceutical, biotechnology, energy, environmental, fast moving consumer goods, entertainment, hospitality, mining, shipping, defense, and artificial intelligence sectors. Through his legal, political and consulting experience, as well as his exposure at the United Nations, the Organisation internationale de la Francophonie and other international institutions, Gerry has developed and continues to cultivate an extensive public affairs and business network. Gerry earned bachelor degrees from McGill University in both Civil and Common Law in 1998, has been a member in good standing of the Quebec Bar since 1999 and, prior to his transition into politics and consulting, he litigated hundreds of cases. He speaks English, French, Greek, and basic Spanish and has received numerous honours and distinctions including the Queen Elizabeth II Diamond Jubilee Medal.

**14. CAPITALIZATION**

**Common Shares**

The following table provides information with respect to the Resulting Issuer Shares after giving effect to the Spark Private Placement and the Transaction.

**Issued Capital**

	<b>Number of Securities (non-diluted)</b>	<b>Number of Securities (fully-diluted)</b>	<b>% of Issued (non-diluted)</b>	<b>% of Issued (fully diluted)</b>
<u>Public Float</u>				
Total outstanding (A)	32,299,298	35,587,576	100	100

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	21,276,315	21,983,978	65.9	61.8
Total Public Float (A-B)	11,022,983	13,603,598	34.1	38.2
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	21,528,944	22,286,607	67.0	62.5
Total Tradeable Float (A-C)	10,770,354	13,300,969	33.0	37.5

## 14.2 Convertible or Exchangeable Securities

Please see Section 10.3 "*Description of Securities – Prior Sales*" for a discussion of the description of the outstanding convertible and exchangeable securities.

## 14.3 Other Listed Securities Reserved for Issuance

This section is not applicable to the Company or the Resulting Issuer.

## 15. EXECUTIVE COMPENSATION

### Spark Executive Compensation

#### Spark Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each director and Named Executive Officer by Spark as of the end of the financial year ended December 31, 2020, for services provided or to be provided, directly or indirectly, to Spark or any of its subsidiaries.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Matthew Allas, Director	RSU	1,000,000	Sept. 30, 2020	\$0.025	N/A	N/A	N/A

**Notes:**

(1) The RSUs have settled into Spark Shares and are no longer outstanding..

**Incentive Plan Awards – Value Vested or Earned During the Year**

For the year ended December 31, 2020, the following amounts were vested or earned by the Spark Named Executive Officers and directors:

Name	Option-based awards – value vested during the year (\$)	Share-based awards – value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Matthew Allas	N/A	\$25,000	N/A

**Notes:**

(1) The RSUs have settled into Spark Shares and are no longer outstanding.

**Statement of Executive Compensation**

The following provides a summary of the Statement of Executive Compensation and also provides information concerning compensation paid and to be paid to the directors of the Resulting Issuer. For the purposes of this section, the Named Executive Officers are: Terence Coughlan CEO, President and Director and Steve Cummings CFO Director.

**Compensation Discussion and Analysis**

When determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers, a variety of factors, will be considered including: the overall financial and operating performance of the Issuer, each executive officer's individual performance and contribution towards meeting corporate objectives; each executive officer's level of responsibility and length of service; and industry comparables.

The Resulting Issuer's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, which are of similar size and scope of operations, so as to attract and retain talented executives; and to

align the interests of its executive officers with the long-term interests of the Issuer and its shareholders through stock related programs.

The Resulting Issuer's executive compensation will consist of an annual base salary and long-term incentives in the form of Resulting Issuer Options. The Resulting Issuer director compensation will consist of long-term incentives in the form of Resulting Issuer Options.

An incentive component of the Resulting Issuer's compensation program will be the potential longer-term reward provided through the grant of Resulting Issuer Options. The granting of Resulting Issuer Options are intended to attract, retain and motivate executive officers and directors, and to align the interests of those individuals with those of the Resulting Issuer Shareholders. The granting of Resulting Issuer Options will provides such individuals with an opportunity to acquire a proprietary interest in the Resulting Issuer's value growth through the exercise of stock options. Resulting Issuer Options will be granted at the discretion of the Resulting Issuer Board, which will consider factors such as how other, similar companies grant options and the potential value that each optionee is contributing to the Resulting Issuer. The number of options granted to an individual is based on such considerations.

The stage of the Resulting Issuer's development and the small size of its specialized management team will allow frequent communication and constant management decisions in the interest of developing shareholder value as a primary goal. As the Resulting Issuer's business develops and performance goals are more apt to be delegated, particular performance goals will become more complex and measurable, and included in the compensation structure accordingly.

### Summary Compensation Table

The following Summary Compensation Table provides a summary of the compensation proposed to be paid to the Named Executive Officers for the 12-month period following the closing of the Transaction:

Name and principal position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$) <sup>(1)</sup>	Committee or meeting fees (\$)	All other compensation (\$)	Total compensation (\$)
<i>Terence Coughlan</i> CEO	2021	30,000	Nil	Nil	72,000 <sup>(2)</sup>	102,000
<i>Steve Cummings</i> CFO	2021	20,000	Nil	Nil	Nil	20,000

**Notes:**

- (1) It is not anticipated that a bonus will be paid for the 12 months period following the closing of the transaction but this remains subject to the discretion of the board of directors of the Resulting Issuer.
- (2) The \$72,000 is comprised of consulting services to be provided by 2501023 NS Ltd., a company controlled by Terence Coughlan, for the provision of technical services to the Resulting Issuer .

### *Stock Options*

The Resulting Issuer will have 685,542 Resulting Issuer Options outstanding on the closing of the Transaction and intends to grant stock options to its directors, officers and consultants pursuant to the Resulting Issuer Option Plan; however, details respecting any such option grants will be at the discretion of the Board.

### *Pension Plan Benefits*

The Resulting Issuer does not intend to implement any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### *External Management Companies*

The Resulting Issuer on the completion of the Transaction will enter into a geological consulting Agreement with 2501023 NS Ltd., a company which is controlled by Terence Coughlan, to provide technical work to the Resulting Issuer. The monthly fee for such services will be \$6,000 per month.

### *Compensation Policies and Risk Management*

The Resulting Issuer Board will consider the implications of the risks associated with the Resulting Issuer's compensation policies and practices when determining rewards for its officers. The Resulting Issuer Board intends to review at least once annually the risks, if any, associated with the Resulting Issuer's compensation policies and practices at such time.

Executive and director compensation will be comprised of short-term compensation in the form of a base salary and long-term ownership through the granting of Resulting Issuer Options and the ownership of Resulting Issuer Shares. This structure will ensure that a significant portion of executive and director compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long term shareholder value. As the benefits of such compensation, if any, will not be realized by optionees until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their short-term compensation at the expense of the Resulting Issuer and the Resulting Issuer Shareholders will be extremely limited. Furthermore, the short-term component of executive and director compensation (base salary/director fees) will represent a relatively small part of the total compensation. As a result, it is unlikely an officer or director would take inappropriate or excessive risks at the expense of the Resulting Issuer or the Resulting Issuer Shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Resulting Issuer and the anticipated level of its activity, the Resulting Issuer Board will be able to closely monitor and consider any risks which may be associated with the Resulting Issuer's compensation policies and practices. Risks, if any, may be identified and mitigated through Resulting Issuer Board meetings during which financial and other information of the Resulting Issuer will be reviewed. No risks have been identified arising from the Resulting Issuer's compensation policies and practices that are reasonably likely to have a material adverse effect on the Resulting Issuer.



### *Option-based Awards*

The granting of Resulting Issuer Options will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive and/or director as well as his or her impact or contribution to the longer-term operating performance of the Resulting Issuer. In determining the number of options to be granted to the executive officers and directors, the Resulting Issuer Board will take into account the number of options, if any, previously granted to each executive officer and/or director, and the exercise price of any outstanding options, to closely align the interests of the executive officers and directors with the interests of the Resulting Issuer Shareholders. The Resulting Issuer Board as a whole has the responsibility to administer the compensation policies related to the executive management of the Resulting Issuer, including option-based awards.

### ***Compensation of Directors***

The Resulting Issuer may pay compensation to its directors in the form of annual fees for attending meetings of the Resulting Issuer Board or for acting as chairs of committees of the Resulting Issuer Board. Subject to the discretion of the Resulting Issuer Board, directors will be entitled to receive stock options in accordance with the terms of the Resulting Issuer Option Plan and the Exchange requirements, subject to the discretion of the Resulting Issuer Board. Directors will be reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the Resulting Issuer Board, committees of the Resulting Issuer Board or meetings of the shareholders of the Resulting Issuer. It is also anticipated that the Resulting Issuer will obtain customary insurance for the benefit of its directors and enter into indemnification agreements with its directors pursuant to which the Issuer will agree to indemnify its directors to the extent permitted by law

### ***Termination and Change of Control Benefits***

Spark is not party to any compensation plan or arrangement with NEOs or directors of Spark which require payments upon the resignation or the termination of employment of such person.

## **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No proposed director, officer or promoter of the Resulting Issuer is or has been indebted to the Company or Spark in the most recently completed financial year, nor will they be indebted to the Resulting Issuer upon completion of the Transaction.

## **17. RISK FACTORS**

### **17.1 Risk Factors**

The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Disclosure Document. These risks and uncertainties are not the only ones the Company is facing. Additional risk and uncertainties not presently known to the Company, or that management currently deems immaterial, may also impair the Company's operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Company's operations could be materially adversely affected.

## **Risk Factors Relating to Mongoose**

### **The Transaction May Not Be Completed**

The Transaction is subject to final acceptance by the Exchange as evidenced by the Final Exchange Bulletin. There can be no assurance that all of the necessary approvals will be obtained. If the Transaction is not completed for any reason, Mongoose will continue to search for and evaluate other investment opportunities; however, it will have incurred significant costs associated with the failed implementation of the Transaction.

### **Property Interests**

The Company does not own the mineral rights pertaining to the Chu Chua Gold Property. Rather, it holds an option to acquire a 100% interest. There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop the Chu Chua Gold Property so as to maintain its interests therein. If the Company loses or abandons its interest in the Chu Chua Gold Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Issuer wish to acquire any additional properties. In the event that the Company acquires a 100% interest in the Chu Chua Gold Property, there is no guarantee that title to the Chu Chua Gold Property will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal or indigenous land claims or title may be affected by undetected defects. Surveys have not been carried out on any of the Company's mineral properties, therefore, in accordance with the laws of the jurisdiction in which such properties are situated; their existence and area could be in doubt. Until competing interests in the mineral lands have been determined, the Company can give no assurance as to the validity of title of the Company to those lands or the size of such mineral lands.

### **Dilution**

The Transaction will be financed in part by the issuance of additional securities of Mongoose and this will result in further dilution to the current Mongoose Shareholders, which dilution may be significant and which may also result in a change of control of Mongoose.

## **Risk Factors Relating to the Resulting Issuer**

### **Nature of Mineral Exploration and Mining**

The Resulting Issuer's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Resulting Issuer's exploration properties may be required to construct or repair mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of the Property. It is impossible to ensure that preliminary or full feasibility studies on the Resulting Issuer's projects, or the current or proposed exploration programs on any of the properties in which the Resulting Issuer has exploration rights, will result in any profitable commercial mining operations. The Resulting Issuer cannot give any assurance that its

current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; precious metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Resulting Issuer not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

#### *No Earnings and History of Losses*

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Resulting Issuer has not determined whether any of its properties contain economically recoverable reserves of mineralized material and currently has not earned any revenue from its Property; therefore, the Resulting Issuer does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Resulting Issuer's properties. The Resulting Issuer does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the Properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it does not, the Resulting Issuer may be forced to substantially curtail or cease operations.

#### *Exploration, Development and Operations*

Mining operations generally involve a high degree of risk. The Resulting Issuer's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of silver, precious and base metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. The financing, exploration, development and mining of any of the Resulting Issuer's exploration properties will furthermore be subject to a number of macroeconomic, legal and social factors, including the price of silver and other metals, laws and regulations, political conditions, currency fluctuations, the ability to hire and retain qualified people, the inability to obtain suitable adequate machinery, equipment or labour and obtaining necessary services in jurisdictions in which the Issuer operates. Unfavourable changes to these and other factors have the potential to negatively affect the Resulting Issuer's business, plans, prospects, strategies, financial performance and condition and results.

The exploration for and development of mineral deposits is a speculative venture involving significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a commercially viable ore body may result in an increase in value for shareholders, few mineral properties which are explored are ultimately developed into producing mines. At present, none of the Resulting Issuer's properties have a known body of bankable commercial ore and the proposed exploration programs are exploratory. There is no certainty that the expenditures made by the Resulting Issuer towards the exploration and evaluation of mineral deposits on its properties will result in discoveries or production of commercial quantities of silver or other minerals.

Substantial expenditures may be required to locate, evaluate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site, and substantial additional financing will be required. It is impossible to ensure that the Resulting Issuer will be able to secure the necessary financing needed to pursue the exploration or development activities planned by the Resulting Issuer or that its activities will result in an economically viable or profitable commercial mining operation. The decision as to whether a particular property contains a commercial mineral deposit and should or could be brought into production will depend on the results of exploration programs and/or geological and other studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the particular attributes of the deposit, such as size, grade, metallurgical characteristics, and proximity to infrastructure; (ii) mineral prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals and environmental protection; (iv) available working capital and ongoing costs of exploration and development; (v) availability, terms and cost of additional funding; and (vi) local community and landowner opposition to access mineral rights. The exact effect of these factors cannot be accurately predicted, but one or any combination of these factors may result in the Resulting Issuer not being able to pursue its business plans or strategy or its shareholders not receiving an adequate return on invested capital.

#### Early Stage Status and Nature of Exploration

The terms "Resource(s)" or "Reserve(s)" cannot be used to describe any of the Resulting Issuer's exploration properties due to the early stage of exploration at this time. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration to define any mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. Any information, including quantities and/or grade, described in this Disclosure Document should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the viability or profitability of future operations.

Few properties that are explored are ultimately developed into producing mines. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

The economics of exploring and developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, fluctuations in the concentrate sales markets, which may be independent of metals prices, costs of mining and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Major expenses may be required to establish reserves by drilling and

to construct mining and processing facilities at a particular site. It is impossible to ensure that the current planned exploration and development programs of the Issuer will result in economically viable or profitable commercial mining operations. The profitability of the Resulting Issuer's operations will be, in part, directly related to the costs and success of its exploration and development programs, which may be affected by a number of factors. Substantial expenditures are required to establish mineral reserves that are sufficient to support commercial mining operations and to construct, complete and install mining and processing facilities on those properties that are actually developed.

No assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such mineral resource will ever qualify as a commercially viable (or mineable) deposit which can be legally and economically exploited. Where expenditures on a property have not led to the discovery of mineral reserves, incurred expenditures will generally not be recoverable

#### Liquidity and Additional Financing

The Resulting Issuer's ability to continue its business operations is dependent on management's ability to secure additional financing. The Resulting Issuer's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Resulting Issuer's obligations.

The advancement, exploration and development of the Resulting Issuer's properties, including continuing exploration and development projects, and, if warranted, construction or repair of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Resulting Issuer may be required to seek additional sources of equity financing in the near future. The Resulting Issuer's ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Resulting Issuer will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Resulting Issuer's objectives or obtained on terms favourable to the Resulting Issuer. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Resulting Issuer's properties, or even a loss of its property interests, which would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations.

#### Impact of COVID-19 on the Business of the Resulting Issuer

The current novel coronavirus (COVID-19) global health pandemic is significantly impacting the global economy, and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold and copper) and has raised the prospect of an extended global recession. The international response to COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines and a general reduction in consumer activity, globally. Further, as efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects may be impacted. To date, a number of mining projects have been suspended as cases of COVID-19 have been confirmed, for precautionary purposes or as governments have declared a state of emergency or taken other actions. If the operation or development of one or more of the Properties in which the Resulting Issuer holds an interest is delayed for precautionary purposes or other

actions are taken in an effort to combat the spread of COVID-19, it may have a material adverse impact on the Resulting Issuer's profitability, results of operations, financial condition and the trading price of the Resulting Issuer's securities.

### Commodity Prices

The profitability of the Resulting Issuer's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Resulting Issuer. These factors include interest rates, the rate of inflation or deflation, global and regional supply and demand, consumption patterns, forward sales by producers, currency exchange fluctuations, speculative activities and increased production due to improved mining and production methods. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political and economic developments in major silver and gold-producing countries throughout the world. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

The Resulting Issuer's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of silver and gold. The prices of these commodities are affected by numerous factors beyond the Resulting Issuer's control.

### Acquiring Title

The acquisition of title to mineral properties is a very detailed and time-consuming process. The Resulting Issuer may not be the registered holder of some or all of the claims, concessions and leases comprising the Properties or any of the mineral property of the Resulting Issuer. These claims, concessions or leases may currently be registered in the names of other individuals or entities, which may make it difficult for the Resulting Issuer to enforce its rights with respect to such claims, concessions or leases. There can be no assurance that proposed or pending transfers will be effected as contemplated. Failure to acquire title to any of the claims, concessions or leases at one or more of the Resulting Issuer's projects may have a material adverse impact on the financial condition and results of operations of the Resulting Issuer.

### Title Matters

Once acquired, title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims, concessions or leases at the Properties will not be challenged or impugned. There may be challenges to any of the Resulting Issuer's titles which, if successful, could result in the loss or reduction of the Resulting Issuer's interest in such titles. The Resulting Issuer's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Resulting Issuer may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

### Insurance and Uninsured Risks

The Resulting Issuer's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected

geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Resulting Issuer's Properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Resulting Issuer will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Resulting Issuer may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. The Resulting Issuer might also become subject to liability for pollution or other hazards that may not be insured against or that the Resulting Issuer may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### *Environmental Risks and Hazards*

All phases of the Resulting Issuer's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Resulting Issuer's business, financial condition and results of operations.

Government environmental approvals and permits are currently, or may in the future be, required in connection with the Resulting Issuer's operations. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with planned exploration, development or operation of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations, including the Resulting Issuer, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of companies in the mining industry, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses, capital

expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

### Construction and Start-up of New Mines

The success of construction projects and the start-up of new mines by the Resulting Issuer is subject to a number of factors including the availability and performance of engineering and construction contractors, mining contractors, suppliers and consultants, the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits), and the successful completion and operation of operational elements that have to be factored in. Any delay in the performance of any one or more of the contractors, suppliers, consultants or other persons on which the Resulting Issuer is dependent in connection with its construction activities, a delay in or failure to receive the required governmental approvals and permits in a timely manner or on reasonable terms, or a delay in or failure in connection with the completion and successful operation of the operational elements in connection with new mines could delay or prevent the construction and start-up of new mines as planned. There can be no assurance that current or future construction and start-up plans implemented by the Resulting Issuer will be successful; that the Resulting Issuer will be able to obtain sufficient funds to finance construction and start-up activities; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that the Resulting Issuer will be able to obtain all necessary governmental approvals and permits; and that the completion of the construction, the start-up costs and the ongoing operating costs associated with the development of new mines will not be significantly higher than anticipated by the Resulting Issuer. Any of the foregoing factors could adversely impact the operations and financial condition of the Resulting Issuer.

### Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's business, financial condition and results of operations.

### Competition for Exploration, Development and Operation Rights

The mining industry is intensely competitive in all of its phases, and the Resulting Issuer will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other persons to carry out its mineral exploration and development activities. Recent increases in base and precious metal prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.



### Uncertainty and Inherent Sample Variability

No assurance can be given that any tonnages and grades will be achieved or that any level of recovery will be realized. The grade of mineralization recovered may differ materially and adversely from the estimated average grades in any current or future resource estimates. Future production could differ dramatically from resource estimates for, among others, the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could adversely affect mineral resources;
- the grade of any mineral resources may vary significantly from time to time and there is no assurance that any particular grade may be recovered from the mineral resources; and
- declines in the market price of minerals may render the mining of some or all the mineral resources uneconomic.

Any of these factors may require the Resulting Issuer to reduce its mineral resource estimates or increase its cost estimates. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Resulting Issuer's profitability. Should the market price of minerals fall, the Resulting Issuer could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

### Governmental Regulation

The mineral exploration and development activities of the Resulting Issuer are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Resulting Issuer's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Resulting Issuer's operations, or more stringent implementation thereof, could have an adverse impact on the Resulting Issuer's business and financial condition.

### Labour and Employment Matters

While the Resulting Issuer has good relations with its employees, exploration and development at its mining properties is dependent upon the efforts of the Resulting Issuer's employees. In addition, relations between the Resulting Issuer and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities in whose jurisdictions the Resulting Issuer carries on business. Changes in such legislation or in the relationship between the Resulting Issuer and its employees may have a material adverse effect on the Resulting Issuer's business, results of operations and financial condition.

### Attracting and Retaining Talented Personnel

The Resulting Issuer's success will depend in large measure on the abilities, expertise, judgment, discretion, integrity and good faith of management and other personnel in conducting the business of the Resulting Issuer. The Resulting Issuer will initially have a small management team and the loss of any of these individuals or the inability to attract suitably qualified staff could materially adversely impact the business. The Resulting Issuer's ability to manage its operating, development, exploration and financing activities will depend in large part on the efforts of these individuals. The Resulting Issuer may also experience difficulties in certain jurisdictions in efforts to obtain suitably qualified staff and retaining staff who are willing to work in that jurisdiction. The Resulting Issuer's success will depend on the ability of management and employees to interpret market and geological data successfully and to interpret and respond to economic, market and other business conditions in order to locate and adopt appropriate investment opportunities, monitor such investments and ultimately, if required, successfully divest such investments. Further, key personnel may not continue their association or employment with the Resulting Issuer, which may not be able to find replacement personnel with comparable skills. The Resulting Issuer has sought to and will continue to ensure that management and any key employees are appropriately compensated; however, their services cannot be guaranteed. If the Resulting Issuer is unable to attract and retain key personnel, business may be adversely affected. The Resulting Issuer faces intense competition for qualified personnel, and there can be no assurance that the Resulting Issuer will be able to attract and retain such personnel.

#### *Possible Conflicts of Interest of Directors and Officers of the Resulting Issuer*

Certain of the directors and officers of the Resulting Issuer will also serve as directors and/or officers of other Companies involved in mineral resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Resulting Issuer expects that any decision made by any of such directors and officers involving the Resulting Issuer will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders, but there can be no assurance in this regard.

#### *Permitting Risk*

The Resulting Issuer's operations are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development or operations on any of its properties, the Resulting Issuer must receive permits from appropriate governmental authorities. There can be no assurance that the Resulting Issuer will continue to hold all permits necessary to develop or continue operating at any particular property.

#### *First Nations Land Claims*

The legal nature of aboriginal land claims is a matter of considerable complexity. Various international and national laws, codes, resolutions, conventions, guidelines, and other directives relate to the rights of indigenous peoples. The Resulting Issuer owns or options property in some areas presently or previously inhabited or used by indigenous peoples. The impact of any such claim on the Resulting Issuer's ownership interest in the properties optioned by the Resulting Issuer cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the Resulting Issuer's Properties are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse

effect on the Resulting Issuer's activities. Even in the absence of such recognition, the Resulting Issuer may at some point be required to negotiate with First Nations in order to facilitate exploration work on the properties optioned by the Resulting Issuer. Pursuant to section 35 of *The Constitution Act of 1982*, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate them. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them. The duty to consult and accommodate may adversely impact the Resulting Issuer's development costs and schedule for the its exploration and development projects.

The Resulting Issuer's future operations are subject to a risk that one or more groups of indigenous people may oppose the exploration or development of a candidate project. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Resulting Issuer's activities, and may have a negative impact on the Resulting Issuer's reputation and its business. Opposition by aboriginal people to the Resulting Issuer's future operations may require modification of or preclude development of the projects.

#### No History of Operations

The Resulting Issuer will be an early-stage exploration and development issuer and will have no history of exploration, development, mining or refining mineral products. As such, the Resulting Issuer is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

#### No History of Earnings

The Resulting Issuer has no history of earnings or of a return on investment in this sector, and there is no assurance that any of its property interests or other assets will be economically viable or will be advanced to generate earnings, operate profitably or provide a return on investment in the future. No operating revenues are anticipated until one of the Resulting Issuer's projects comes into production, which may or may not occur. The Resulting Issuer will continue to experience losses unless and until it can successfully develop and begin profitable commercial production at one of its properties. There can be no assurance that the Resulting Issuer will be able to do so.

#### No History of Profitability

The Resulting Issuer will be an early exploration and development stage Issuer with no history of revenues or profitability in the mineral resource sector. There can be no assurance that the activities of the Resulting Issuer will be economically viable or profitable in the future. The Resulting Issuer will require additional financing to further explore, develop, acquire, and achieve commercial production on its property interests and, if financing is unavailable for any reason, the Resulting Issuer may become unable to acquire and retain its property interests and carry out its business plan.

### Reliance on a Limited Number of Properties

The only material property interests of the Issuer are its interests in the Property. As a result, unless the Resulting Issuer acquires additional property interests, any adverse developments affecting any one of these properties would likely have an adverse effect upon the Issuer and would adversely affect the potential mineral resource development, profitability, financial performance and condition and results of the Resulting Issuer and its strategies and plans. While the Issuer may seek to acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that the Resulting Issuer will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Issuer or at all.

### Volatility of Market for Resulting Issuer Shares

The market price of the Resulting Issuer's Shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Resulting Issuer's control, including: (i) dilution caused by issuance of additional Resulting Issuer Shares and other forms of equity securities, which the Resulting Issuer expects to make in connection with future financings to fund operations and growth, to attract and retain qualified personnel and in connection with future strategic partnerships with other companies, (ii) announcements of new acquisitions, reserve discoveries or other business initiatives by competitors, (iii) fluctuations in revenue from operations as new reserves come to market, (iv) changes in the market for gold and copper and/or in the capital markets generally, (v) changes in the demand for minerals and metals; and (vi) changes in the social, political and/or legal climate in the regions in which the Resulting Issuer operates. In addition, the market price of the Resulting Issuer Shares could be subject to wide fluctuations in response to: (a) quarterly variations in operating expenses, (b) changes in the valuation of similarly situated companies, both in the mining industry and in other industries, (c) changes in analysts' estimates affecting the Resulting Issuer, competitors and/or the industry, (d) changes in the accounting methods used in or otherwise affecting the industry, (e) additions and departures of key personnel, (f) fluctuations in interest rates, exchange rates and the availability of capital in the capital markets, and (g) significant sales of the Resulting Issuer Shares, including sales by future investors in future offerings which may be made to raise additional capital. These and other factors will be largely beyond the Resulting Issuer's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Resulting Issuer Shares and/or the Resulting Issuer's results of operations and financial condition.

### Acquisitions and Integration

From time to time, the Resulting Issuer may examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Resulting Issuer may choose to complete may be of a significant size relative to the size of the Resulting Issuer, may change the nature or scale of the Issuer's business and activities, and may expose the Issuer to new geographic, political, operating, financial and geological risks. The Resulting Issuer's success in its acquisition activities, if any, depends upon its ability to obtain additional sources of financing, identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate any acquired operations successfully with those of the Resulting Issuer. Any acquisitions would be accompanied by risks. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisitions, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisitions, existing

shareholders may suffer significant dilution. There can be no assurance that the Resulting Issuer would be successful in obtaining additional sources of financing or in overcoming these risks or any other problems encountered in connection with such acquisitions.

#### Dilution Risk

In order to finance future operations and development efforts, the Resulting Issuer may raise funds through the issue of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares. The constating documents of the Resulting Issuer will allow it to issue, among other things, an unlimited number of Resulting Issuer Shares for such consideration and on such terms and conditions as may be established by the directors of the Resulting Issuer, in many cases, without the approval of shareholders. The size of future issues of Resulting Issuer Shares or securities convertible into Resulting Issuer Shares or the effect, if any, that future issues and sales of the Resulting Issuer Shares will have on the price of the Resulting Issuer Shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued Resulting Issuer Shares or securities convertible into Resulting Issuer Shares would result in dilution, possibly substantial, to present and prospective shareholders of the Resulting Issuer.

#### Risk of Litigation

The Resulting Issuer may become involved in disputes with other parties in the future which may result in litigation or other legal proceedings. The results of legal proceedings cannot be predicted with certainty. If the Resulting Issuer is unable to resolve these disputes favourably, it may have a material adverse impact on the ability of the Resulting Issuer to carry out its business plan.

#### Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation

#### Dividends

The Resulting Issuer does not intend to declare dividends for the foreseeable future, as the Resulting Issuer anticipates that any future earnings will be re-invested in the development and growth of the business. Therefore, investors will not receive any funds unless they sell their Resulting Issuer Shares, and shareholders may be unable to sell their shares on favorable terms or at all. Investors cannot be assured of a positive return on investment or that they will not lose the entire amount of their investment in Resulting Issuer Shares.

### **18. PROMOTERS**

Other than as disclosed below, no Person or Company will be a promoter of the Resulting Issuer, or has been within the two years immediately preceding the date of this Disclosure Document a promoter of Mongoose or Spark, as applicable.

Arif Shivji is considered to be a promoter of the Company in that he took the initiative in organizing the Company. Arif Shivji holds a total of 400,000 (4.25%) of the currently issued and outstanding Mongoose Shares.

## **19. LEGAL PROCEEDINGS**

### **19.1 Legal Proceedings**

There are no legal proceedings material to the Company or Spark, to which the Company, Spark, or a subsidiary of the Company or Spark is a party or of which any of their respective property is the subject matter and no such proceedings are known to the Company and Spark to be contemplated.

### **19.2 Regulatory actions**

- (a) There have been no penalties or sanctions imposed against the Company or Spark by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) There have been no other penalties or sanctions imposed by a court or regulatory body against the Company or Spark necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) There have been no settlement agreements the Company or Spark entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

## **20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than in respect of the Transaction or as otherwise disclosed herein, including with respect to the Licence Purchase Agreement, the NSR Royalty Agreement, and the Chu Chua Option Agreement, to the knowledge of management, no proposed director or executive officer of the Resulting Issuer or any person or company that is the direct or indirect beneficial owners of, or who exercises control or direction over, more than 10 percent of any class of the Resulting Issuer's outstanding voting securities, or an associate or affiliate of any persons or companies referred to in this paragraph, has any material interest, direct or indirect, in any transaction within the three years before the date of this Disclosure Document, or in any proposed transaction, that has materially affected or will materially affect the Resulting Issuer or a subsidiary of the Resulting Issuer.

## **21. AUDITORS, TRANSFER AGENTS AND REGISTRARS**

### **21.1 Auditors**

The auditor of the Company is MNP LLP, through its offices at 1500, 640-5th Avenue SW, Calgary, AB, T2P 3G4.

The auditor of Spark is BDO LLP through its offices at BDO LLP 230 Brownlow Ave, Suite 120, Dartmouth Nova Scotia B3B 0G5.

It is anticipated that the auditor of the Resulting Issuer will be MNP LLP.

## **21.2 Transfer Agent and Registrar**

The Company's registrar and transfer agent is Odyssey Trust Company, 323 – 409 Granville Street, Vancouver, BC, V6C 1T2. It is anticipated that Odyssey Trust Company will remain the registrar and transfer agent of the Resulting Issuer.

## **22. MATERIAL CONTRACTS**

### *The Company Material Contracts*

Except for contracts entered into by the Company in the ordinary course of business, the only material contracts entered into by the Company in the previous two years are the following:

- (1) The Chu Chua Option Agreement;
- (2) An escrow agreement dated June 11, 2019 among the Company, Odyssey, and certain principals of the Company;
- (3) An agency agreement between the Company and Canaccord Genuity Corp. dated for reference June 11, 2019;
- (4) The Share Exchange Agreement

### *Spark Material Contracts*

Except for contracts entered into by Spark in the ordinary course of business, the only material contracts entered into by Spark in the previous two years are the following:

- (1) The Licence Purchase Agreement;
- (2) The NSR Royalty Agreement;
- (3) The Share Exchange Agreement;
- (4) The Subscription Receipt Agreement;

## **23. OTHER MATERIAL FACTS**

There are no other material facts about the Company, Spark, the Resulting Issuer or the Transaction that are not otherwise disclosed herein.

## **24. FINANCIAL STATEMENTS**

See Schedule "A" and Schedule "B"

**SCHEDULE "A"**  
**MONGOOSE FINANCIAL STATEMENTS**





**MONGOOSE**  
MINING LTD

## **Financial Statements**

**For the year ended December 31, 2020 and the period from Incorporation on January 16,  
2019 to December 31, 2019  
(In Canadian Dollars)**

To the Shareholders of Mongoose Mining Ltd.:

## Opinion

We have audited the financial statements of Mongoose Mining Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and December 31, 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended December 31, 2020 and 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, 2020 and December 31, 2019, and its financial performance and its cash flows for the year ended December 31, 2020 and the period from January 16, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards.

## Basis for Opinion

We conducted our audits 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 audits 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 audits 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 audits 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 and Those Charged with Governance 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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 16, 2021

*MNP* LLP  
Chartered Professional Accountants

**Mongoose Mining Ltd.**  
**Statements of Financial Position**  
(amounts in Canadian dollars)  
As at:

	December 31, 2020	December 31, 2019
<b>Assets</b>		
Current Assets		
Cash	\$ 331,510	\$ 380,918
Sales tax recoverable	1,880	5,904
Prepays and deposits	1,071	1,013
Total Current Assets	334,461	387,835
Exploration and evaluation asset (note 4)	49,380	44,380
<b>Total Assets</b>	<b>\$ 383,841</b>	<b>\$ 432,215</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 23,833	\$ 15,369
Total Liabilities	23,833	15,369
<b>Shareholders' Equity</b>		
Share capital (note 5)	522,762	513,462
Contributed surplus (note 6)	84,000	84,000
Warrants (note 7)	21,200	23,000
Deficit	(267,954)	(203,616)
Total Shareholders' Equity	360,008	416,846
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 383,841</b>	<b>\$ 432,215</b>

*Nature of operations (note 1)*

*Commitments (note 4)*

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

**Approved by the Board of Directors:**

*signed "[Arif Shivji]"*

\_\_\_\_\_  
Director

*signed "[Kelly McDonald]"*

\_\_\_\_\_  
Director

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

	<b>Year ended December 31, 2020</b>	Period from Incorporation on January 16, 2019 to December 31, 2019
<b>Expenses</b>		
Professional fees	\$ 35,656	\$ 71,610
Consulting	-	18,403
Office and administrative	6,057	5,490
Insurance	5,792	4,587
Listing fees	16,833	19,526
Share-based compensation (note 6)	-	84,000
<b>Total Expenses</b>	<b>64,338</b>	203,616
<b>Net Loss and Comprehensive Loss</b>	<b>\$ (64,338)</b>	<b>\$ (203,616)</b>

Weighted average number of common shares outstanding  
(note 5)

– basic & diluted	9,310,104	5,017,117
Loss per share		
– basic & diluted	\$ (0.01)	\$ (0.04)

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

**Mongoose Mining Ltd.**  
**Statements of Changes in Shareholders' Equity**  
(amounts in Canadian dollars)

	Share Capital	Contributed Surplus	Warrants	Deficit	Total Shareholders' Equity
<b>Balance, December 31, 2019</b>	<b>\$ 513,462</b>	<b>\$ 84,000</b>	<b>\$ 23,000</b>	<b>\$ (203,616)</b>	<b>\$ 416,846</b>
Exercise of broker warrants (note 7)	4,300	-	(1,800)	-	2,500
Shares issued for ChuChua Property (note 4 and note 5)	5,000	-	-	-	5,000
Net loss and comprehensive loss	-	-	-	(64,338)	(64,338)
<b>Balance, December 31, 2020</b>	<b>\$ 522,762</b>	<b>\$ 84,000</b>	<b>\$ 21,200</b>	<b>\$ (267,954)</b>	<b>\$ 360,008</b>
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.**  
**Statements of Cash Flows**  
(amounts in Canadian dollars)

	<b>Year ended December 31, 2020</b>	Period from incorporation on January 16, 2019 to December 31, 2019
<b>Operating activities:</b>		
Net loss and comprehensive loss	\$ (64,338)	\$ (203,616)
Items not affecting cash:		
Share-based compensation (note 6)	-	84,000
Changes in non-cash working capital:		
Sales tax recoverable	4,024	(5,904)
Prepays and deposits	(58)	(1,013)
Accounts payable and accrued liabilities	8,464	15,369
Cash used in operating activities	<b>(51,908)</b>	(111,164)
<b>Investing activities:</b>		
Exploration and evaluation asset expenditures (note 4)	-	(34,380)
Cash used in investing activities	-	(34,380)
<b>Financing activities:</b>		
Proceeds from issuance of common shares (note 5)	-	617,800
Share issuance costs (note 5)	-	(91,338)
Proceeds from the exercise of broker warrants (note 7)	2,500	-
Advances from related party (note 10)	-	12,500
Repayment of advances from related party (note 10)	-	(12,500)
Cash from financing activities	<b>2,500</b>	526,462
<b>Net increase (decrease) in cash</b>	<b>(49,408)</b>	380,918
Cash, at beginning of period	<b>380,918</b>	-
<b>Cash, end of period</b>	<b>\$ 331,510</b>	<b>\$ 380,918</b>

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

# **Mongoose Mining Ltd.**

## **Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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### **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.

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”.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As of December 31, 2020, the Company had not yet determined whether the Company’s mineral property asset contains reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluations assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposal of properties.

In addition to ongoing working capital requirements, the Company must secure sufficient funding to meet its existing commitments for exploration and development programs and general and administration costs.

Management is periodically seeking additional forms of financing through the issuance of new equity instruments and the exercise of warrants and stock options to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Without new funding, the Company may be unable to continue its operations, and amounts realized for assets may be less than amounts reflected in these financial statements.

The novel coronavirus (“COVID-19”) outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility and weakness as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks. The full extent of the impact on the Company’s future financial results is uncertain given the length and severity of these developments cannot be reliably estimated.

The current challenging economic climate relating to the effect of the Coronavirus (COVID-19) may lead to challenges in managing cash flows and the ability to raise capital.

### **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”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of January 1, 2020.

These financial statements were approved and authorized for issuance by the Board of Directors on February 16, 2021.



# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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### 2. Basis of Presentation *(continued)*

#### 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:

#### Significant accounting estimates

- (i) 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,
- (ii) 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) 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) 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;

# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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### 2. Basis of Presentation *(continued)*

Significant accounting judgments *(continued)*

- (iii) 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;
- (iv) The Company records share-based payments based on management's judgement of the expected exercise date of options; and,
- (v) 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.

##### *(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 or 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.

# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

#### a) Financial Instruments (*continued*)

##### *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.

#### 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.

# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

#### 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.

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.

# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

#### f) Share-based Payment Arrangements *(continued)*

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.

#### 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.

# Mongoose Mining Ltd.

## Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

#### 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.

#### 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.

#### k) Changes in accounting policies

##### ***Business Combinations***

On January 1, 2020, the Company adopted the amendment as issued on October 22, 2018 by the IASB related to IFRS 3, "*Business Combinations*" ("IFRS 3"), revising the definition of a business and providing for the addition of an optional 'concentration test' to determine if the acquisition is a business. To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The three elements of a business are defined as follows:

- Input – Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs, when on or more processes are applied to it.
- Process – Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- Output – The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

**Mongoose Mining Ltd.**  
**Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

**k) Changes in accounting policies** *(continued)*

***Business Combinations*** *(continued)*

The optional 'concentration test' permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the sets of activities and assets is determined to not be a business and no further assessment is needed. The amendment to IFRS 3 had no effect to the Company for the year ended December 31, 2020.

**4. Exploration and Evaluation Assets**

	Acquisition Costs	Exploration Costs	Total
Balance January 16, 2019 (incorporation)	\$ -	\$ -	\$ -
Additions	18,526	25,854	44,380
Balance December 31, 2019	18,526	25,854	44,380
Additions	5,000	-	5,000
<b>Balance December 31, 2020</b>	<b>\$ 23,526</b>	<b>\$ 25,854</b>	<b>\$ 49,380</b>

*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% (the "Option") 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 "Listing Date"), 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 which was incurred.

In order to exercise the Option, the Company shall pay the optionor the aggregate sum of \$557,500, which includes the \$7,500 deposit previously paid, payable in instalments, issue 600,000 common shares and complete \$625,000 in qualifying expenditures by the fourth anniversary of the Listing Date, November 28, 2023. A summary of the consideration to be paid/incurred is as follows:

Date	Shares	Cash Payments	Expenditures
Signing Date	-	\$ 7,500	-
Listing Date	100,000	-	-
September 1, 2019	-	-	\$ 25,000
1 <sup>st</sup> Anniversary of Listing Date	100,000	-	-
2 <sup>nd</sup> Anniversary of Listing Date	100,000	\$ 20,000	\$ 100,000
3 <sup>rd</sup> Anniversary of Listing Date	100,000	\$ 30,000	\$ 100,000
4 <sup>th</sup> Anniversary of Listing Date	200,000	\$ 500,000	\$ 400,000
<b>Total</b>	<b>600,000</b>	<b>\$ 557,500</b>	<b>\$ 625,000</b>

**Mongoose Mining Ltd.**  
**Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

**4. Exploration and Evaluation Assets (continued)**

During the period ended December 31, 2019, the \$25,000 of expenditures was incurred, the \$7,500 cash was paid and 100,000 shares were issued. During the year ended December 31, 2020, 100,000 shares were issued having a value of \$0.05 per share, based on the trading price of the Company on date of issue, for a total value of \$5,000.

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 Chu Chua Gold Property. The Company has the right to purchase the first 1% of the royalty for \$1,000,0000 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
Exercise of broker warrants (note 7)	25,000	4,300
Shares issued for ChuChua Property (note 4)	100,000	5,000
<b>Balance, December 31, 2020</b>	<b>9,403,000</b>	<b>\$ 522,762</b>

- (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. 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 with the following assumptions:

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%



**Mongoose Mining Ltd.**  
**Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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**5. Share Capital (continued)**

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.

*Escrow*

Of the common shares issued, 1,200,000 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 were released on the Listing Date and an additional 15% will be released on each six month anniversary thereafter. At December 31, 2020, there are 720,000 common shares held in escrow (December 31, 2019 – 1,080,000).

*Loss per share*

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.

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

	Number of Options	Weighted Average Exercise Price
Balance, January 16, 2019	-	\$ -
Issued (i)	927,800	0.10
<b>Balance, December 31, 2020 and 2019</b>	<b>927,800</b>	<b>\$ 0.10</b>

The weighted average contractual terms for all outstanding options are December 31, 2020 is 3.91 (2019 – 4.92) 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.

**Mongoose Mining Ltd.**  
**Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

**6. Stock Options (continued)**

For the year ended December 31, 2020, the Company recorded share-based compensation of \$nil (period ended December 31, 2019 - \$84,000). The fair value of the 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:

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, 2020 are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 16, 2019	-	\$ -
Issued (note 5)	317,800	0.10
Balance, December 31, 2019	317,800	\$ 0.10
Broker warrants exercised	(25,000)	0.10
<b>Balance, December 31, 2020</b>	<b>292,800</b>	<b>\$ 0.10</b>

During the year ended December 31, 2020, 25,000 warrants were exercised for gross proceeds of \$2,500. The value attributed to the 25,000 warrants of \$1,800 was transferred to share capital.

**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:

	Year ended December 31, 2020	Period from incorporation on January 16, 2019 to December 31, 2019
Loss before taxes	\$ (64,338)	\$ (203,616)
Combined federal and provincial tax rate	27%	27%
Expected tax recovery	(17,370)	(54,976)
Share-based compensation	-	22,260
Deferred tax benefits not recognized	17,370	32,716
Income tax recovery	\$ -	\$ -

## Mongoose Mining Ltd.

### Notes to the Financial statements

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

#### 8. Taxes (continued)

As at December 31, 2020, the Company's unrecognized deductible temporary differences are as follows:

	Balance, December 31, 2020	Recognized in income	Balance, December 31, 2020
Exploration and evaluation	\$ 11,800	\$ (200)	\$ 11,600
Canadian exploration expenses	(11,800)	200	(11,600)
Non-capital loss carryforwards	(37,800)	(22,700)	(60,500)
Share issuance costs	(24,200)	6,000	(18,200)
Deferred tax not recognized	62,000	16,700	78,700
	\$ -	\$ -	\$ -

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 2040

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.

**Mongoose Mining Ltd.**  
**Notes to the Financial statements**

For the year ended December 31, 2020 and  
the period from incorporation on January 16, 2019 to December 31, 2019  
(amounts in Canadian dollars)

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

**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.

**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 \$331,510 (2019 - \$380,918) with which to settle liabilities of \$23,833 (2019 - \$15,369). All liabilities are due within one year.

**10. Related Party Transactions**

During the year ended December 31, 2020 there were no material 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 in 2019, no compensation was paid to key management personnel during the year ended December 31, 2020 and period ended December 31, 2019.

Transactions with related parties are incurred in the normal course of business and initially measured at fair value.

**SCHEDULE "B"**  
**SPARK FINANCIAL STATEMENTS**

**Spark Minerals Inc.**  
**Financial Statements**  
For the Years Ended December 31, 2020  
and 2019

**Spark Minerals Inc.**  
**Financial Statements**  
For the Years Ended December 31, 2020 and 2019

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## Independent Auditor's Report

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To the shareholders of Spark Minerals Inc.

### Opinion

We have audited the financial statements of Spark Minerals Inc. (the "Company"), which comprise the statements of financial position as at December 31, 2020, December 31, 2019 and January 1, 2019, and the statements comprehensive loss, changes in equity and cash flows for the years ended December 31, 2020 and 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, 2020, December 31, 2019 and January 1, 2019, and its financial performance and cash flows for the years ended December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

We conducted our audits 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 audits 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company had no source of operating cash flow during the years ended December 31, 2020 and 2019. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the 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 identified above 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 the 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 in this auditor's report. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **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.

*BDO Canada LLP*

Chartered Professional Accountants

Dartmouth, Nova Scotia  
April 14, 2021

**Spark Minerals Inc.**  
**Statements of Financial Position**

	December 31, 2020	December 31, 2019	January 1, 2019
<b>Assets</b>			
<b>Current</b>			
Cash	\$ 2,945	\$ -	\$ -
HST receivable	24,472	-	-
Prepaid expenses	973	-	-
Due from related party (Note 6)	500,000	125,186	-
	528,390	125,186	-
Exploration and evaluation assets (Note 7)	171,382	-	-
	\$ 699,772	\$ 125,186	\$ -
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	\$ 70,254	\$ 6,119	\$ 3,000
Due to related parties (Note 6)	65,932	1,620	1,510
Flow-through share premium liability (Note 8)	127,000	-	-
	263,186	7,739	4,510
<b>Shareholders' Equity (Deficiency)</b>			
Share capital (Note 8)	400,113	125,286	100
Warrant reserve (Notes 8, 9 & 11)	130,673	-	-
Share option reserve (Notes 10 & 11)	737	-	-
Deficit (Note 11)	(94,937)	(7,839)	(4,610)
	436,586	117,447	(4,510)
	\$ 699,772	\$ 125,186	\$ -

On behalf of the Directors:

(s) "*Peter Steele*"

Director

(s) "*Matthew Allas*"

Director

Going Concern (Note 2)

Commitments (Note 13)

Material Uncertainty due to COVID-19 (Note 16)

Subsequent Events (Note 17)

**Spark Minerals Inc.**  
**Statements of Changes in Equity**

For the years ended December 31	Number of shares	Share capital	Warrant reserve	Share option reserve	RSU reserve	Deficit	Total equity
Balance, January 1, 2019	6,993,007	100 \$	-	-	-	\$ (4,610)	\$ (4,510)
Net loss and comprehensive loss	-	-	-	-	-	(3,229)	(3,229)
Share capital issued (Note 8)	13,006,993	125,186	-	-	-	-	125,186
Balance, December 31, 2019	20,000,000	\$ 125,286	-	-	-	\$ (7,839)	\$ 117,447
Net loss and comprehensive loss	-	-	-	-	-	(87,098)	(87,098)
Share capital issued (Note 8)	2,500,000	242,327	-	-	-	-	242,327
Warrants issued (Notes 8 & 9)	-	-	130,673	-	-	-	130,673
Share options issued (Note 10)	-	-	-	737	-	-	737
Restricted share units issued (Note 8)	-	-	-	-	32,500	-	32,500
Restricted share units settled (Note 8)	2,000,000	32,500	-	-	(32,500)	-	-
Balance, December 31, 2020	24,500,000	\$ 400,113	\$ 130,673	\$ 737	-	\$ (94,937)	\$ 436,586

The accompanying notes are an integral part of these financial statements.

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**Spark Minerals Inc.**  
**Statements of Comprehensive Loss**

For the years ended December 31	2020	2019
<b>Operating expenses</b>		
Professional fees	\$ 47,755	\$ 3,000
Administrative fees (Note 6)	20,000	-
Compensation (Notes 8 & 12)	16,250	-
Travel	1,284	-
Supplies	1,000	-
Memberships and licences	511	190
Meals and entertainment	265	-
Bank charges	33	39
	<b>87,098</b>	<b>3,229</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (87,098)</b>	<b>\$ (3,229)</b>
<b>Loss per share</b>		
Basic and diluted (in Canadian cents)	<b>\$ (0.44)</b>	<b>\$ (0.03)</b>

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The accompanying notes are an integral part of these financial statements.

## Spark Minerals Inc. Statements of Cash Flows

For the years ended December 31	2020	2019
<b>Cash flows from operating activities</b>		
Net loss and comprehensive loss	(87,098)	(3,229)
Adjustments for non-cash items		
Stock based compensation	16,250	-
	(70,848)	(3,229)
Changes in non-cash working capital:		
HST receivable	(24,472)	-
Prepaid expenses	(973)	-
Accounts payable and accrued liabilities	64,136	3,119
	(32,157)	(110)
<b>Cash flows from investing activities</b>		
Investments in exploration and evaluation property (a)	(55,646)	-
Exploration and evaluation property grants received	26,250	-
Decrease in due from related party (a & b)	186	-
	(29,210)	-
<b>Cash flows from financing activity</b>		
Increase in due to related parties	64,312	110
<b>Net increase in cash</b>	<b>2,945</b>	<b>-</b>
Cash, beginning of the year	-	-
<b>Cash, end of the year</b>	<b>\$ 2,945</b>	<b>\$ -</b>

(a) Non-cash investing activities (Note 7)

(b) Non-cash financing activity (Note 8)

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# Spark Minerals Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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### 1. Nature of Operations

Spark Minerals Inc. (the “Company”) is a corporation domiciled in Canada, provincially incorporated under the Nova Scotia Business Registrations Act on August 22, 2017. The address of the Company’s registered head office is Unit 3, 260 Brownlow Avenue Dartmouth Nova Scotia.

The Company is in the business of acquiring, exploring and developing mineral properties in Atlantic Canada, primarily those containing iron ore, copper, gold and associated base and precious metals. The Company is in the process of exploring its exploration and evaluation properties and has not yet determined whether they contain reserves that are economically recoverable.

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### 2. Going Concern

These financial statements have been prepared on a going concern basis, which assume that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has made an assessment of its ability to continue as a going concern and as set out below there is material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

At December 31, 2020, the Company had no source of operating cash flow. Operations have been funded from the issuance of share capital. As the Company is in the exploration stage, the recoverability amounts for exploration and evaluation assets and the Company’s ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, continuation of the Company’s interest in the underlying mining claims, the ability of the Company to raise adequate financing to complete their development, and upon future profitable production or proceeds from the disposition thereof. The carrying value of exploration and evaluation assets represents net costs to date and do not necessarily represent present or future recoverable values.

These financial statements do not reflect the material adjustments to carrying values of assets and liabilities, and the reported expenses, that would be necessary if the going concern assumption was inappropriate.

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# Spark Minerals Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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### 3. Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively, "IFRSs").

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. All of the Company's operations are within the mineral exploration sector and related to mining claims of the Cobequid Highlands Project near Londonderry, Nova Scotia, thus representing a single operating segment.

These financial statements were approved and authorized for issuance by the Board of Directors on April 14, 2021.

#### **Basis of measurement**

The financial statements have been prepared on a historical cost basis, unless otherwise noted.

#### **Critical judgements in applying significant accounting policies**

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires the Company to exercise judgement in applying its significant accounting policies. The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts are the valuation of exploration and evaluation assets (Note 4), the fair value of the premium assigned to flow-through shares (Note 8), and the share prices and volatility used in measuring share options (Note 10), restricted share units (Note 8), and warrants (Note 9).

#### *Fair value measurement*

Certain liabilities and equity instruments in the Company's financial statements require initial measurement based upon fair value. These instruments are not subsequently re-measured at fair value. These initial fair value measurements utilize market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into three different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

- Level 1: Quoted prices in active markets for identical items
- Level 2: Observable direct and indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

Refer to Note 4 for details in relation to the measurement of specific items included in the Company's financial statements.

#### **Adoption of new accounting standards**

Accounting standards, interpretations, and amendments effective for years beginning on or after January 1, 2019 did not materially affect these financial statements.

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. Significant Accounting Policies

<b>Cash</b>	Cash consists of bank balances held with financial institutions.
<b>Financial Assets</b>	<p>The Company classifies its financial assets as either amortized cost or fair value through profit or loss. The Company does not have any financial assets classified as fair value through profit or loss.</p> <p>Financial assets classified as amortized cost have the objective of being held in order to collect contractual cash flows. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.</p> <p>The Company's financial assets measured at amortized cost comprise cash, HST receivable, and due from related party.</p>
<b>Financial Liabilities</b>	<p>The Company classifies its financial liabilities as either fair value through profit or loss or other financial liabilities, depending on the purpose for which the liability was acquired. The Company does not have any financial liabilities classified as fair value through profit or loss.</p> <p>Accounts payable and accrued liabilities and due to related parties are initially recognized at fair value net of any transactions costs directly attributable to the issue of the instrument. Such liabilities are subsequently measured at amortized cost using the effective interest rate method.</p>

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. Significant Accounting Policies (continued)

##### Exploration and Evaluation Assets

All direct costs related to the acquisition and exploration of resource property interests are capitalized. Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to the exploration or evaluation of a project. Exploration and evaluation assets are initially and subsequently measured at cost.

Costs not directly attributable to exploration and evaluation activities are expensed in the period in which they occur. As the Company currently has no operating income, any incidental revenues earned in connection with exploration and evaluation activities are recorded as a reduction in the exploration and evaluation assets.

Where equity-settled instruments have been issued in exchange for exploration and evaluation activities, the value at which the instrument is recorded is capitalized to exploration and evaluation assets rather than expense.

Government assistance related to exploration and evaluation assets is deducted from the cost of the related asset. The government assistance is recognized when all of the related criteria have been satisfied. If the government assistance is received prior to the criteria being satisfied, it is deferred.

An impairment review of exploration and evaluation assets is performed when there are indicators that the carrying amount of the assets may not be recoverable.

##### Impairment of Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgement in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events and circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available that suggests the recoverability of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

##### Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's common shares are classified as equity instruments.

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. Significant Accounting Policies (continued)

**Flow-Through Share Premium Liability** Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investor rather than the Company.

Upon issuance of flow-through common shares, the difference (premium) between the amount paid by the investor and the value of the same number of non-flow-through share at the issuance date is recorded as a flow-through share premium liability. The liability is reversed into earnings at the time the eligible flow-through expenditures are incurred by the Company.

When flow-through expenditures have been incurred and it is the Company's intent to renounce such expenditures, the Company records the tax effect as a charge to profit or loss and an increase in deferred tax liabilities.

**Warrants** The Company issues common share warrants attached to common shares issued, exercisable by the holder at a fixed price. As the price is fixed and the warrant is equity-settled, the warrants are accounted for as equity instruments on a fair value basis.

The fair value of each warrant is measured at the issuance date using the Black-Scholes option pricing model which determines volatility using the calculated value method. A portion of the consideration paid for the common shares with attached warrants, equal to the fair value of the warrants, is credited to warrant reserve, with the remaining consideration credits to share capital.

The consideration paid by the holder upon exercise of the warrants and the fair value of the options exercised, previously recorded in warrant reserve, are added to share capital.

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# Spark Minerals Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. Significant Accounting Policies (continued)

##### **Stock Based Compensation**

The Company grants common share options under its stock option plan. Stock-based compensation plans are accounted for on a fair value basis.

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model which determines volatility using the calculated value method.

Stock based compensation costs, measured at the grant date based on the fair value of all options granted and recognized over the vesting period, are recorded as expenses on the statement of comprehensive loss (or capitalized to exploration and evaluation assets, if related) and credited to share option reserve. The consideration paid by employees upon exercise of the options and the fair value of the options exercised are added to share capital.

The Company grants Restricted Share Units ("RSU") to its employees, officers, directors, and independent contractors, in exchange for services, under its RSU plan. Cash settlement of the RSU's is at the discretion of the Company and therefore the RSU's are accounted for as equity-settled. The fair value of each RSU is estimated on the grant date based on the fair value of the consideration received or the fair value of the equity instruments granted, whichever is more reliably measurable. The cost, measured at the grant date based on the fair value of all RSU's issued during the period involved, are recognized as an expense on the statement of comprehensive loss (or capitalized to exploration and evaluation assets, if related) and credited to RSU reserve. When the RSU's are settled and common shares are issued to the holder, the fair value of the RSU's are added to share capital.

##### **Deferred Taxation**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply when the deferred tax assets (liabilities) are recovered (settled).

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. Significant Accounting Policies (continued)

**Contingent Liabilities** Contingent liabilities are recognized only when the Company has a present legal and constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

**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 year. Diluted earnings (loss) per share is calculated by giving effect to the potential dilution that would occur if contracts to issue common shares were fully vested and exercised. 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.

In the calculation of loss per share, all warrants and options were excluded from the diluted loss per share calculation as their effect is anti-dilutive.

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#### 5. First-time Adoption

Effective January 1, 2019, the Company adopted the requirements of IFRSs. These are the Company's first financial statements prepared in accordance with IFRSs. The Company did not present financial statements for any previous periods. First-time adoption of this basis of accounting had no impact on the Company's net loss for the year ended December 31, 2019 or on retained earnings as at January 1, 2019, the date of transition.

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## Spark Minerals Inc. Notes to Financial Statements

**December 31, 2020 and 2019**

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### 6. Related Party Balances and Transactions

#### Related Party Balances

The due from related party is receivable from Maximos Metals Corp. ("Maximos"), the majority shareholder of the Company, is non-interest bearing, unsecured, and with no fixed terms of repayment.

Amounts due to related parties are non-interest bearing, unsecured, and with no fixed terms of repayment:

	December 31, 2020	December 31, 2019	January 1, 2019
Maximos Metals Corp., shareholder	\$ 55,192	\$ -	\$ -
21Alpha Resources Inc. ("21Alpha"), shareholder	10,740	1,620	1,510
	\$ 65,932	\$ 1,620	\$ 1,510

#### Related Party Transactions

During the year, Maximos charged the Company \$20,000 (2019 - \$nil) in administrative expenses.

During the year, the Company paid John Shurko Inc., an entity wholly-owned by a Director of the Company, \$500 (2019 - \$nil) for geological services on its exploration and evaluation assets (Note 7).

Details of compensation paid to the Directors during the year are disclosed in Note 12.

During the year, the Company purchased mining claims from 21Alpha for \$18,169 (2019 - \$nil) (Note 7). This included a royalty agreement in relation to these mining claims (Note 13).

During the year, Maximos settled \$125,000 of its balance owing to the Company, by providing the Company with geological services (Note 7).

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## Spark Minerals Inc. Notes to Financial Statements

**December 31, 2020 and 2019**

### 7. Exploration and Evaluation Assets

The following summarizes the Company's exploration and evaluation asset costs during the year:

	2020	2019
Mining claims registrations purchased	19,189	-
Drilling costs	27,674	-
Geological costs	150,769	-
Grants received towards drilling costs	(26,250)	-
Balance, end of year	\$ 171,382	\$ -

The following summarizes the Company's exploration and evaluation assets as at year end:

	December 31, 2020		December 31, 2019	January 1, 2019
	Cost	Impairment	Cost	Cost
Mining claims registration	\$ 19,189	\$ -	\$ -	\$ -
Drilling	27,674	-	-	-
Geological	150,769	-	-	-
Grants received	(26,250)	-	-	-
	171,382	-	-	-
	\$ 171,382	\$ -	\$ -	\$ -

Subsequent to year end, the Company renewed several mining claims registrations that were scheduled to expire.

The geological exploration and evaluation assets include the capitalization of the following non-monetary transactions during the year ended December 31, 2020:

\$125,000 of geological services received from Maximos as settlement of related party balance (Note 6).

Of the RSU's issued and settled during the year (Note 8), 1,000,000 were issued in exchange for services related to the exploration and evaluation assets. Accordingly, the \$16,250 of equity recognized for these 1,000,000 RSU's was capitalized to the exploration and evaluation assets.

The share options issued during the year (Note 10) were issued to a director providing services related to the exploration and evaluation assets. Accordingly, the \$737 of stock based compensation recognized in share option reserve was capitalized to the exploration and evaluation assets.

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## Spark Minerals Inc. Notes to Financial Statements

**December 31, 2020 and 2019**

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### 8. Share Capital

Authorized capital:

Unlimited common shares without nominal or par value

Issued and outstanding shares:

	December 31, 2020	December 31, 2019	January 1, 2019
24,500,000 (December 31, 2019 - 20,000,000; January 1, 2019 - 6,993,007) common shares	<b>\$ 400,113</b>	<b>\$ 125,286</b>	<b>\$ 100</b>

#### Share issuance

On July 29, 2019, the Company issued 13,006,993 common shares to Maximos in exchange for \$186 of cash consideration and a note receivable of \$125,000.

#### Restricted share units

On September 30, 2020, the Company issued 2,000,000 RSU's, which were subsequently settled through the issuance of 2,000,000 common shares on December 31, 2020. These common shares have been included in share capital at the \$32,500 fair value of the RSU's issued. Of the \$32,500 fair value, \$16,250 was capitalized to exploration and evaluation assets (Note 7) as they were issued in exchange for directly attributable services and \$16,250 was expensed in compensation as they were issued in exchange for other services, not directly attributable to exploration and evaluation assets.

#### Share split

On December 23, 2020, the Company issued a share split on the 286 common shares held at that date. The stock split ratio was 69,930:1. The number of shares presented in these financial statements and the calculation of loss per share ("LPS") has been adjusted retroactively.

#### Private placement

On December 30, 2020, the Company closed a non-brokered private placement of 2,500,000 flow-through units ("FT units") at a price of \$0.20 per FT unit, for total consideration of \$500,000 (the "private placement"). Each FT unit consists of one flow-through common share ("FT share") and one common share purchase warrant ("warrant"). Each warrant is exercisable at \$0.25 until the expiry date on the third anniversary of issuance.

Of the \$500,000 from the private placement, \$127,000 relates to the premium paid by investors for the flow-through feature of the FT shares, which was recognized as a liability. None of the private placement proceeds were used for Canadian Exploration Expenses ("CEE") prior to December 31, 2020; therefore, no deferred tax liability has been recognized in respect of these FT shares. The other \$373,000 was recognized as equity; \$130,673 to the warrant reserve in relation to the warrant attached to each FT unit (Note 9) and \$242,327 to share capital.



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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 8. Share Capital (continued)

The investors who purchased the FT units paid the consideration to Maximos; therefore, the \$500,000 was due from Maximos as at December 31, 2020 (Note 6) and is not reflected as cash flow from financing activity on the statement of cash flows.

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### 9. Warrants

	2020	
	Number of warrants	Weighted average exercise price \$
Balance, beginning of year	-	-
Issued (Note 8)	2,500,000	0.25
Balance, end of year	2,500,000	0.25

All outstanding warrants were exercisable as at December 31, 2020 and expire on December 31, 2023.

The fair value of the warrants issued during the year (Note 8) was estimated at the December 30, 2020 issuance date based on the Black-Scholes pricing model, using the following assumptions:

Time period (expected)	3 years
Volatility	119%
Dividend yield	0.00%
Risk-free rate	0.23%
Common share price	\$0.10

Volatility was estimated based on the historical volatility of comparable publicly listed junior mining companies.

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## Spark Minerals Inc. Notes to Financial Statements

**December 31, 2020 and 2019**

### 10. Stock Based Compensation

During the year, the Company adopted a stock option plan (the "SO Plan"). The SO Plan allows for the Company to, from time to time, provide its directors, officers, key employees, and consultants with options to purchase common shares of the Company. Under the terms of the SO Plan, common share options may be granted up to a maximum of 10% of the aggregate number of issued and outstanding common shares.

On September 30, 2020, the Company granted a director 360,000 total common share options, in three tranches, in exchange for providing the Company with services (to be) rendered over the period from September 30, 2020 to September 30, 2023. Tranche 1 (120,000 options) vests on September 30, 2021, tranche 2 (120,000 options) vests of September 30, 2022, and tranche 3 (120,000 options) vests on September 30, 2023. All three tranches expire September 30, 2025.

The total current period cost of \$737 (2019 - \$nil) recognized for these options was added to contributed surplus and capitalized to exploration and evaluation assets (Note 7).

The fair value of the options granted during the year was estimated at the September 30, 2020 grant date based on the Black-Scholes pricing model, valuing each of the three tranches of options individually, using the following assumptions:

Time period (expected)	1, 2, and 3 years for each tranche, respectively
Volatility	119%
Dividend yield	0.00%
Risk-free rate	0.23%
Common share price	\$0.016

Volatility was estimated based on the historical volatility of comparable publicly listed junior mining companies.

A summary of the status of the Company's stock options as at December 31, 2020 and changes during the year is presented below:

	2020	
	Number of options	Weighted average exercise price \$
Balance, beginning of year	-	-
Granted	360,000	0.025
Balance, end of year	360,000	0.025

None of the options were exercisable as at December 31, 2020. The remaining contractual lives of the stock options at year end are as follows:

Tranche 1 (120,000 options)	0.75 years to vesting	4.75 years to expiry
Tranche 2 (120,000 options)	1.75 years to vesting	4.75 years to expiry
Tranche 3 (120,000 options)	2.75 years to vesting	4.75 years to expiry

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 11. Reserves

The following describes the nature and purpose of each reserve within equity:

*Warrant reserve*

The amount of proceeds on issue of FT units containing warrants, relating to the equity for the warrant component of the FT unit.

*Share option reserve*

Stock based compensation recognized from the granting of share options.

*RSU reserve*

Stock based compensation recognized from the issuance of restricted share units.

*Deficit*

All other net losses and transactions with shareholders not recognized elsewhere in equity.

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### 12. Director Compensation

Compensation provided to directors of the Company in exchange for their services is as follows:

	<u>2020</u>	<u>2019</u>
Restricted share units recorded as compensation expense	\$ 16,250	\$ -
Restricted share units capitalized to exploration and evaluation assets	16,250	-
Share options capitalized to exploration and evaluation assets	<u>737</u>	<u>-</u>
	<u>\$ 33,237</u>	<u>\$ -</u>

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 13. Commitments

As part of the purchase of certain mining claims from 21Alpha (Notes 6 & 7), the Company entered into a royalty agreement with Maximos, John Shurko Inc. ("JSI"), and Gravel Developments Inc. ("Gravel") on April 30, 2020, to pay a 2% perpetual royalty on the return of economic resources found at these mining sites (the "Royalty Agreement"). Under the terms of the Royalty Agreement, the 2% perpetual royalty will be split on the basis of 65.0% to Maximos, 17.5% to JSI, and 17.5% to Gravel.

As at December 31, 2020, a reasonable estimate cannot be made of the amount of the future royalty payment. As such, no provision has been made in the financial statements.

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### 14. Income Taxes

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax applied :

	<u>2020</u>	<u>2019</u>
Net loss before income taxes	\$ (87,098)	\$ (3,229)
Statutory rate	30.00 %	31.00 %
Expected income tax recovery	\$ (26,129)	\$ (1,001)
Non-deductible expenses	4,915	-
Expenses recognized in different periods for tax and accounting purposes	(600)	-
Change in valuation allowance	21,814	1,001
Income tax expense	<u>-</u>	<u>-</u>

The Company has \$78,554 (December 31, 2019 - \$5,839; January 1, 2019 - \$2,610) in unused non-capital loss carry forwards, expiring between 2037 and 2040, which is the only temporary difference in the financial statements. A valuation allowance has been recorded against this temporary difference and therefore there is no future income tax asset recognized on the statement of financial position.

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## Spark Minerals Inc. Notes to Financial Statements

**December 31, 2020 and 2019**

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### **15. Financial Instruments - Risk Management**

The Directors have overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's flexibility.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk in respect of its due from related party and HST receivable. The Company does not believe its exposure to credit risk is significant, as the balances are due from Maximos and Canada Revenue Agency, respectively.

Credit risk also arises from cash balances on deposit with banks and financial institutions. The Company only uses reputable Canadian financial institutions in order to mitigate its exposure to credit risk on cash balances.

This risk has increased from the prior year based on the increased balances of due from related party and HST receivable.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Company will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Company is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and amounts due to related parties.

As at both December 31, 2020 and December 31, 2019, all accounts payable and accrued liabilities had contractual maturities within the next 12 months and due to related parties had no fixed terms of repayment.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

The Company's ability to obtain funding from external sources may be restricted if the Company's financial performance and condition deteriorate. This includes a decline in the expected economic recovery from exploration and evaluation assets inhibiting the Company's ability to obtain funding from external sources.

This risk has increased from prior year due to a lack of operational cash flow and increased expenses during the year.

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 15. Financial Instruments - Risk Management (continued)

#### Capital

The Company monitors its capital, which comprises all components of equity. The Company's objectives when maintaining capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide a return for shareholders and benefits for other stakeholders. The Company maintained capital during the year in order to continue as a going concern and fund future exploration and evaluation activities by raising further capital in the form of FT units (Note 8).

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### 16. Material Uncertainty due to COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which resulted in a series of public health and emergency measures that were put in place to combat the spread of COVID-19. The Company has been able to continue work on its exploration and evaluation assets during the pandemic. The mining industry in Canada has been significantly impacted by COVID-19, mainly relating to the inability of junior mining companies to access their mining sites during travel restrictions imposed in various provinces. However, mineral production and mineral exploration was deemed an essential service in several provinces, allowing for operations to continue within certain parameters. The economic climate created by COVID-19 has also led to volatility in the price of precious metals, which could impact the future recoverability of mineral resources. As of the date of issuing the financial statements, the ongoing duration and impact of COVID-19 is unknown. It is not possible for the Company to reliably estimate any impacts of COVID-19 on the recoverability of its exploration and evaluation assets or its future financial results and position, at this time.

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### 17. Subsequent Events

On March 18, 2021, Mongoose Mining Ltd. ("Mongoose"), an arm's length publicly traded company, entered into a share purchase agreement to acquire the Company, in which Mongoose is to acquire all of the issued and outstanding common shares of the Company (the "Transaction"). Mongoose will consolidate its own common shares on a 1 to 2.85 basis and exchange one common share of Mongoose for each common share of the Company acquired.

The Transaction is subject to Mongoose shareholder approval, scheduled for May 17, 2021, and regulatory approval.

Following the Transaction, the Company's current shareholders as at December 31, 2020 will hold the majority of the common shares of Mongoose.

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**SCHEDULE "C"**  
**MONGOOSE MANAGEMENT'S DISCUSSION AND ANALYSIS**



**MONGOOSE**  
MINING LTD

**Management Discussion and Analysis**

For the year ended December 31, 2020  
(In Canadian Dollars)



## Mongoose Mining Ltd.

Management Discussion and Analysis  
For the year ended December 31, 2020

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The Management Discussion and Analysis (“MD&A”), prepared February 16, 2021 should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2020 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, 2020, 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”.

### COVID-19

The World Health Organization declared COVID-19 a global pandemic in March 2020. The Company is closely monitoring the situation but it is not possible at this time to predict the duration or magnitude of the adverse results the outbreak will have on the Issuer. COVID-19 restrictions have resulted in delaying further exploration of the Chu Chua property. At this time the Company continues to focus on our principal business activity of exploration of mineral property assets.

The Company is closely watching cash flows to ensure they are spent in a cost effective manner. The Company is also considering acquisitions and transactions to grow the entity in order to increase access to capital but nothing is imminent at this time.

Management is focusing on protecting the liquidity position of the Issuer by closely monitoring expenditures. The Issuer has a low G&A burn, including no cash compensation paid to officers and directors, which will enable the company to protect its liquidity position. See above for additional discussion.

### Chu Chua Gold Property Project

	Acquisition Costs	Exploration Costs	Total
Balance January 1, 2019	\$ -	\$ -	\$ -
Additions	18,526	25,854	44,380
Balance December 31, 2019	18,526	25,854	44,380
Additions	5,000	-	5,000
<b>Balance December 31, 2020</b>	<b>\$ 23,526</b>	<b>\$ 25,854</b>	<b>\$ 49,380</b>

## Mongoose Mining Ltd.

Management Discussion and Analysis  
For the year ended December 31, 2020

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### *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, 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:

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

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.

The Company assesses many factors when determining if an impairment test should be performed. As at December 31, 2020, the Company conducted an assessment of impairment indicators and determined that there were no indicators of impairment present.

**Mongoose Mining Ltd.**  
Management Discussion and Analysis  
For the year ended December 31, 2020

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Due to the impact of COVID-19 the Company has delayed further capital expenditures on the Gold Property as it seeks to protect liquidity in this uncertain market. The Company is closely watching trends in the industry to determine when it is appropriate to deploy any additional capital.

**Selected Annual Information**

	December 31, 2020
Revenue	\$ 0
Net Loss	(\$ 64,338)
Basic and Diluted Loss Per Share	(\$ 0.01)
Total Assets	\$ 383,841
Long-Term Debt	\$ 0

**Operations**

During the year ended December 31, 2020, the Company reported a net loss of \$64,338. Included in the determination of operating loss was \$20,000 on legal fees related to general corporate matters, \$12,000 on audit fees and \$16,800 on listing fees. Due to uncertainties created by COVID-19 in the financing and business environment, the Company is conserving capital. The Company has been active in reviewing and evaluating properties and potential transactions that would increase shareholder value.

**Summary of Quarterly Results**

	Three months ended							
	Dec 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019	June 30, 2019	January 16, 2019 to March 31, 2019
Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Loss	(\$ 27,252)	(\$ 17,523)	(\$ 10,967)	(\$ 8,596)	(\$100,888)	(\$ 10,380)	(\$ 35,902)	(\$ 55,061)
Basic and Diluted Loss Per Share	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.02)	(\$ 0.00)	(\$ 0.01)	(\$ 0.02)
Total Assets	\$ 383,841	\$ 388,764	\$ 403,837	\$ 419,642	\$ 432,815	\$ 256,498	\$ 246,354	\$ 273,615
Long-Term Debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 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, 2020 was \$331,510. At December 31, 2020, the Company had positive working capital of \$310,628.

## **Share Capital**

As at December 31, 2020 and the date of this MD&A, the Company had 9,403,000 common shares outstanding, 927,800 stock options outstanding and 292,800 warrants outstanding.

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, 2020, there are 720,000 common shares held in escrow.

During the year ended December 31, 2020, 100,000 shares were issued in accordance with ChuChua Property.

During the year ended December 31, 2020, 25,000 warrants were exercised at \$0.10 per warrant for gross proceeds of \$2,500.

## **Off-Balance Sheet Arrangements**

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

## **Proposed Transactions**

The Company is evaluating opportunities in the mining exploration industry. There is no certainty a transaction will proceed.

## **Related Party Transactions**

During the year ended December 31, 2020 there were no material related party transactions.

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.

## **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.

## **Mongoose Mining Ltd.**

Management Discussion and Analysis  
For the year ended December 31, 2020

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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 purposes 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 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.

## **Mongoose Mining Ltd.**

### Management Discussion and Analysis

For the year ended December 31, 2020

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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.

## **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:

## **Mongoose Mining Ltd.**

Management Discussion and Analysis  
For the year ended December 31, 2020

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

## **Mongoose Mining Ltd.**

### Management Discussion and Analysis

For the year ended December 31, 2020

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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 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-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.

**k) Changes in Accounting Policies**

***Business Combinations***

On January 1, 2020, the Company adopted the amendment as issued on October 22, 2018 by the IASB related to IFRS 3, "*Business Combinations*" ("IFRS 3"), revising the definition of a business and providing for the addition of an optional 'concentration test' to determine if the acquisition is a business. To be considered a business under the amendments to IFRS 3, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The three elements of a business are defined as follows:

- Input – Any economic resource that creates outputs, or has the ability to contribute to the creation of outputs, when on or more processes are applied to it.
- Process – Any system, standard, protocol, convention or rule that, when applied to an input or inputs, creates outputs or has the ability to contribute to the creation of outputs.
- Output – The result of inputs and processes applied to those inputs that provide goods or services to customers, generate investment income or generate other income from ordinary activities.

The optional 'concentration test' permits a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or group of similar identifiable assets. An entity may elect to apply, or not apply, the test. An entity may make such an election separately for each transaction or other event. If the concentration test is met, the sets of activities and assets is determined to not be a business and no further assessment is needed. The amendment to IFRS 3 had no effect to the Company for the year ended December 31, 2020.

## **Mongoose Mining Ltd.**

Management Discussion and Analysis  
For the year ended December 31, 2020

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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.

**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

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**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

**SCHEDULE "D"**  
**SPARK MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Spark Minerals Corp.**

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

**For the year ended December 31, 2020**

Dated March 31<sup>st</sup>, 2021

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31<sup>st</sup>, 2021**

This management's discussion and analysis ("MD&A") is management's interpretation of the results and financial condition of Spark Minerals Inc. ("Spark" or the "Company") for the year ended December 31, 2020 and includes events up to March 31, 2021. This discussion should be read in conjunction with the annual audited consolidated financial statements for year ended December 31, 2020.

All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and the MD&A is complete and reliable.

This MD&A contains forward-looking information. Please see the section, "Note Regarding Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions used to develop our forward-looking information.

## **DESCRIPTION OF BUSINESS**

Spark is a private company engaged in the acquisition, exploration and evaluation of mineral properties. Spark is the holder of exploration licences to explore an area covering approximately 3,264 hectares or 32.64 km<sup>2</sup>, located in Londonderry and Debert, Nova Scotia (the "Property"). The Property is recognized to indicate potential for IOCG mineralization.

On December 23, 2020, Spark completed a split of the Spark shares pursuant to which each old Spark share was exchanged for 69,930.0699 new Spark shares, such that the 286 old Spark shares were exchanged for 20,000,000 new Spark shares.

On December 30, 2020, Spark completed a private placement of 2,500,000 flow-through units at a price of \$0.20 per unit for gross proceeds of \$500,000. Each unit consisted of one flow-through share and one warrant. Each whole warrant is exercisable for one non-flow through Spark share at a price of \$0.25 for a period of 36 months from the date of issuance.

## **EXPLORATION AND DEVELOPMENT**

The Property is located in the north-central part of the Province of Nova Scotia. The western portion of the Property is crossed by the Trans-Canada Highway (Route 104) while the eastern portion is crossed by Highway 4. The centre is located near the Londonderry community and approximately 35 km northwest of Truro, a major distribution hub of Nova Scotia. A series of logging roads and ATV trails are also present on the Property.

The Property is made of one irregular block composed of 7 exploration licences covering approximately 3,264 hectares or 32.64 km<sup>2</sup>. The Property is mostly composed of private lands with a few limited crownland areas located in the western area of the Property. There are no restrictions on the Property. A protected area, the Portapique River Wilderness Area, lies to the west of the Property. In addition, Department of National Defense (DND) land is located 6 km southeast of the Property. No claim staking is allowed in the aforementioned zones.

In addition to the 7 licences under assessment, Spark holds 19 licences adjacent or in close proximity to the Property.



## **SPARK MINERALS INC.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31<sup>th</sup>, 2021**

The historical exploration work on the Property led to the discovery of multiple showings, including iron deposits that were mined in from the late 19th to early 20th century. Multiple copper occurrences are also found in association with iron showings. Those showings are hosted in the Mabou Group, located in-between two major faults: the Londonderry and Cobequid faults. The Mabou Group is known to host IOCG-style mineralization and alteration and the presence of those showings indicate good potential for this type of deposit on the Property.

Multiple geophysical, soil and rock anomalies found during historical work could be explained by the presence of IOCG mineralization. Eight targets were identified by the author of this Technical Report. Five (5) targets were selected based on magnetic, gravity and geochemical data and their spatial relation to faults defined by the 2018 airborne magnetic compilation. There are three targets based on the hyperspectral work.

Additionally, adjacent properties have showed some success by re-assaying older discoveries on their properties for base and precious metals, and industrial minerals. Such an effort should also be carried out on the Property as past exploration work did not assay for full suite of elements.

In May 2020, Spark commissioned Nanospectra Geophysics (NSG) to acquire and analyze hyperspectral data over the Property, using their proprietary method, to detect anomalously high concentrations of gold and copper (Au-Cu). The NSG survey provided an additional 3 targets.

The Company plans to continue further evaluation and exploration work on the Property and seek funding to facilitate these initiatives.

The schedule and timelines for planned evaluation and development programs will depend on the stabilization of the COVID-19 pandemic. The Company has followed the instructions and advice of Federal and Provincial health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19 and protect local communities. The COVID-19 pandemic and related business lockdowns have adversely affected economies and financial markets, resulting in an economic downturn that could further affect the Company and its ability to finance its planned operations. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs.

## **REVIEW OF CONSOLIDATED RESULTS**

### **Financial Condition at December 31, 2020 compared to December 31, 2019**

The Company had cash totaling \$2,945 at December 31, 2020 compared to \$0 at December 31, 2019.

Exploration and evaluation assets increased from \$0 at December 31, 2019 to \$171,382 at December 31, 2020 due to the purchase of mining claims, geological work programs and an initial drill program.

Accounts payable and accrued liabilities increased from \$6,119 at December 31, 2019 to \$70,254 at December 31, 2020. Most of this increase related to mineral exploration costs as well as accruals for professional fees.

## **SELECTED ANNUAL INFORMATION**

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31<sup>th</sup>, 2021**

The following selected annual financial information has been derived from the financial statements of the Company.

	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$
Net loss for the period	(87,098)	(3,229)
Net loss per common share	(0.0044)	(0.0003)
Total assets	699,772	125,186
Cash and cash equivalents	2,945	Nil
Total non-current financial liabilities	nil	Nil
Shareholders' equity	436,586	117,447

**LIQUIDITY AND CAPITAL RESOURCES**

Spark has no substantial source of revenue and has negative operating cash flow. The Company has financed its operations to date through the issuance of common shares.

During the year ended December 31, 2020, cash used in operating and investing activities was \$61,367.

Working capital at December 31, 2020 amounted to \$265,204 compared to \$117,447 at December 31, 2019.

Working capital is held almost entirely in cash, significantly reducing any liquidity risk of financial instruments held by Spark. The Company's working capital position is determined by the timing of its equity raises and exploration and evaluation expenditures.

The Company does not currently have any revenue generating assets or operations. Accordingly, the Company is dependent on external financing to carry out planned exploration and development, and pay for administrative costs, the Company will require additional financial resources to explore, quantify and develop its mineral properties and satisfy its contractual obligation. The continued operations of the Company are dependent upon the ability of the Company to obtain necessary financing to maintain capacity, meet planned growth and to fund development growth.

Spark anticipates being able to obtain further funds, as needed, through equity financings. Although Spark has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future.

**OFF-BALANCE SHEET ARRANGEMENTS**

There are no such existing arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

\$32,227 in fees were paid by the Company to directors, in the form of stock based compensation, for their services as directors of the Company in the year ended December 31, 2020. No fees were paid to directors for their services in the year ended December 31, 2019.

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS – MARCH 31<sup>th</sup>, 2021**

Included in accounts payable and accrued liabilities at December 31, 2020 is \$55,192 payable to Maximos Metals Corp. (2019 - nil) in respect of the fees for Nanospectra services provided, and \$10,740 to 21 Alpha Resources Inc. for admin expenses and the remaining balance for the initial sale of the claims to Spark. These amounts are unsecured, non-interest bearing and due on demand.

**OUTSTANDING SHARE DATA**

Authorized: an unlimited number of common shares without par value.

	<b>Common Shares Outstanding</b>	<b>Warrants Outstanding</b>	<b>Stock Options Outstanding</b>
Balance, December 31, 2020	24,500,000	2,500,000	360,000
Common shares or warrants issued	-	-	-
<b>Balance, March 20, 2021</b>	<b>24,500,000</b>	<b>2,500,000</b>	<b>360,000</b>

**STOCK OPTIONS**

<b>Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
360,000	\$ 0.025	September 30, 2025

**WARRANTS**

<b>Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,500,000	\$ 0.25	December 31, 2023

**CHANGES IN ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the financial statements for the year ended December 31, 2020, and have been consistently followed in the preparation of these consolidated financial statements.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

**Current assets and liabilities**

Spark' current financial instruments are comprised of cash, sales taxes receivable, prepaid expenses, accounts payable and accrued liabilities. Current financial instruments are recorded at cost. The fair value of these financial instruments approximates their carrying values due to the immediate or short-term maturity of the financial instruments.

Financial instruments that are current assets are used to finance Spark' operations and

investments in mineral properties. Financial instruments that are current liabilities are incurred in the course of the Company's operations and investments in mineral properties.

### **Non-current items**

The company has no non-current financial instruments.

### **Financial Instruments**

The Company's financial instruments consist of cash, sales taxes receivable, accounts payable, accrued liabilities and due to related party. The fair values of the Company's cash, receivables, accounts payable and accrued liabilities and due to related party approximate the carrying value, which is the amount on the consolidated statements of financial position due to their short-term maturities or ability of prompt liquidation.

As at December 31, 2020, the Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### **(a) Credit Risk**

The Company's credit risk is primarily attributable to its cash. This risk is minimized as the cash have been placed with large Canadian chartered banks. Concentration of credit risk exists as the total amount is held at one financial institution. Management believes the risk of loss to be remote.

The Company's receivables consists of tax credits receivable from the Government of Canada and from a related party, as a result the Company does not believe it is subject to significant credit risk.

#### **(b) Liquidity Risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, Spark had a cash balance of \$2,945 (December 31, 2019 - nil) to settle total liabilities of \$263,186 (December 31, 2019 - \$7,739).

## **RISKS & UNCERTAINTIES**

The discovery, development and acquisition of mineral properties are in many respects unpredictable events. Future metal prices, capital equity markets, the success of exploration programs and other property transactions can have a significant impact on the Company's capital requirements.

### **Additional Funding Requirements for Initial Drilling and Exploration**

The Company will require additional financing to continue its operations, its exploration and development of its mineral projects. There can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financing will be favorable, for further exploration and development of its mineral projects. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's mineral exploration properties with the possible dilution or loss of such interests. Revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

### **Limited Operating History**

Spark does not have any history of earnings or profitability. All of its properties are in the exploration stage and there are no known commercially mineable mineral deposits on any of the properties.

### **Limited Business History**

The Company has no history of operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

### **No Known Mineral Reserves or Mineral Resources**

There are no known bodies of commercial minerals on the Company's mineral exploration properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves or in its more advanced programs.

### **Exploration and Development Risks**

Exploration and development risks for the business of exploring for minerals and mining are high. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that exploration programs planned by the Company will result in a profitable commercial mining operation. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The economics of developing mineral properties are affected by many factors including the cost of operations, variations of the grade of ore mined and fluctuations in the price of minerals produced. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production. Although precautions to minimize risk will be taken, processing operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

### **Reliance Upon Management**

The Company is dependent upon the continued support and involvement of its principals and management. Should the Company lose the services of one or more of the principals or management, the ability of the Company to achieve its objectives could be adversely affected.

### **Title to Properties**

The Company has diligently investigated all title matters concerning the ownership of all mineral claims and plans to do so for all new claims and rights to be acquired. While to the best of its knowledge, title to the Company's mineral properties are in good standing, this should not be construed as a guarantee of title. The Company's mineral properties, may be affected by

undetected defects in title, such as the reduction in size of the mineral titles and other third party claims affecting the Company's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mineral titles. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Company does not have title to any of its mineral properties could cause the Company to lose any rights to explore, develop and mine any minerals on that property, without compensation for its prior expenditures relating to such property.

### **Uninsurable Risks**

Exploration, development and production of mineral properties are subject to certain risks, and in particular, unexpected or unusually geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to insure fully against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could be an adverse impact on the Company's operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

### **Conflicts of Interest**

Directors of the Company are or may become directors of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the CBCA. The provisions of the CBCA require a director or officer of a corporation who has a material interest in a contract or transaction of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a person who has a material interest in a contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the CBCA, as the case may be. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

### **Metal Prices**

Metal prices may be unstable. The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resource are discovered, a profitable market will exist for the sale of it. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of various metals has experienced significant movements over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any metal will be such that the Company's mineral properties can be mined at a profit.

### **Permits and Licences**

The operations of the Company will require licences and permits from various governmental and non-governmental authorities. The Company has obtained, or will obtain, all necessary licences and permits required to carry on with activities which it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations.

### **Environmental and other Regulatory Requirements**

Environmental and other regulatory requirements affect the current and future operations of the Company, including exploration and development activities and commencement of production on the Company's mineral properties, require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Company's mineral properties and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at the Company's mineral properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### **Competition**

Significant competition exists for mineral opportunities. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mining properties on terms it considers acceptable.

### **Dividends**

At the present time shareholders are unlikely to receive a dividend on the Company's shares.

### **NOTE REGARDING FORWARD-LOOKING INFORMATION**

This Management Discussion and Analysis ("MD&A") contains "forward-looking information" within the meaning of applicable Canadian securities laws. Generally, but not always, forward looking information is identifiable by the use of words such as "expects", "anticipates", "believes", "projects", "plans", "intends" and other similar words, or statements that an event "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Examples of such forward-looking information include, among others, statements regarding: results of the Company's exploration activities and financing activities; and plans of the Company to explore its Canadian mining projects.

Forward-looking information is based on the then current expectations, beliefs, assumptions, estimates and forecasts about the Company's business and the industry and markets in which it operates. Such information is not a guarantee of future performance and undue reliance should not be placed on forward-looking information. Assumptions and factors underlying the Company's expectations regarding forward-looking information contained herein include, among others: that general business and economic conditions will not change in a material adverse manner; that financing will be available if and when needed on reasonable terms; that the Company's current exploration activities can be achieved and that its other corporate activities will proceed as expected; that third party contractors, equipment and supplies and governmental and other approvals required to conduct the Company's planned exploration activities will be available on reasonable terms and in a timely manner.



Although the assumptions made by the Company in providing forward looking information are considered reasonable by management at the time the forward-looking information is given, there can be no assurance that such assumptions will prove to be accurate. Forward-looking information also involves known and unknown risks and uncertainties and other factors, which may cause actual events or results in future periods to differ materially from any projections of future events or results expressed or implied by such forward-looking information, including, among others: risks related to the availability of financing on commercially reasonable terms and the expected use of the proceeds; changes in the market; potential downturns in economic conditions; industry conditions; actual results of exploration activities being different than anticipated; changes in exploration programs based upon results of exploration; future prices of metal; availability of third party contractors; availability of equipment and supplies; failure of equipment to operate as anticipated; accidents, effects of weather and other natural phenomena and other risks associated with the mineral exploration industry; environmental risks; changes in laws and regulations; community relations; and delays in obtaining governmental or other approvals or financing. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated, estimated or intended. Spark undertakes no obligation to update or reissue forward-looking information as a result of new information or events except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

#### **DISCLOSURE CONTROLS AND PROCEDURES**

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified. The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Company.

The Chief Executive Officer has concluded, based on an evaluation as of December 31, 2020, that the disclosure controls and procedures for the Company are effective to provide reasonable assurance that material information related to the Company is disseminated in a timely manner. It should be noted that while the Company's Chief Executive Officer believes that the Company's disclosure controls and procedures provide a reasonable level of assurance that the system of internal control are effective, they do not guarantee that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met.

**SCHEDULE "E"**  
**PRO FORMA FINANCIAL STATEMENTS**

**PRO FORMA UNAUDITED FINANCIAL STATEMENTS  
OF MONGOOSE MINING LIMITED UPON  
COMPLETION OF  
THE PROPOSED TRANSACTION**

## **MONGOOSE MINING LIMITED**

### **PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS (Unaudited – Prepared by Management)**

**DECEMBER 31, 2020**  
(Expressed in Canadian dollars)

#### **Management's Letter**

The accompanying unaudited pro forma consolidated financial statements of Mongoose Mining Limited ("Mongoose" or the "Company") have been prepared by management. The management of Mongoose is responsible for the information and representations contained in these unaudited pro forma financial statements.

Management maintains processes to ensure that relevant and reliable financial information is produced. The unaudited proforma consolidated financial statements have been prepared using accounting policies consistent with the accounting policies used in Mongoose financial statements as at December 31, 2020 and include certain amounts that are based on estimates and judgments. See the accompanying notes to the unaudited pro forma consolidated financial statements for a detailed description of the basis of presentation and the assumptions and adjustments performed in the development of these pro forma consolidated financial statements.

A pro forma consolidated financial statement is based on management assumptions and adjustments which are inherently subjective. The unaudited pro forma consolidated financial statements are not intended to reflect the results of operations of the financial position of Mongoose which would have resulted had the acquisition been affected on the dates indicated. The unaudited pro forma consolidated financial statements give effect to the share purchase agreement between Mongoose Mining Ltd. and Spark Minerals Inc. ("Spark") dated March 18, 2021, pursuant to which Mongoose will acquire all the issued and outstanding Spark Common Shares. Actual amounts recorded upon approval of the acquisition will likely differ from those recorded in the unaudited pro forma financial statements. Further, the unaudited pro forma financial information is not necessarily indicative of the results of operations that may be obtained in the future.

**MONGOOSE MINING LTD**

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

**MONGOOSE MINING LTD.****PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Expressed in Canadian dollars)

<i>At December 31, 2020</i>	<b>Notes</b>	<b>Mongoose</b>	<b>Spark</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Mongoose</b>
<b>ASSETS</b>					
Current					
Cash	3.a	331,510	2,945	810,000	1,144,455
Taxes recoverable		1,880	24,472	-	26,352
Prepaid expenses		1,071	973	-	2,044
Due to related parties			500,000	-	500,000
		334,461	528,390	810,000	1,672,851
Non-current					
Exploration and evaluation property	3.b, 3.e	49,380	171,382	(49,380)	171,382
		49,380	171,382	(49,380)	171,382
<b>Total Assets</b>		<b>383,841</b>	<b>699,772</b>	<b>760,620</b>	<b>1,844,233</b>
<b>LIABILITIES</b>					
Current					
Accounts payable and accrued liabilities		23,833	70,254	-	94,087
Due from related parties		-	65,932	-	65,932
Flow through share premium liability		-	127,000	-	127,000
<b>Total Liabilities</b>		<b>23,833</b>	<b>263,186</b>	<b>-</b>	<b>287,019</b>
<b>EQUITY</b>					
Share capital	3.c	522,762	400,113	10,034,238	10,957,113
Contributed surplus	3.d	84,000	-	(84,000)	-
Warrant reserve	3.d	21,200	130,673	(21,200)	130,673
Stock based compensation reserve		-	737	-	737
Deficit	3.d, 3.b	(267,954)	(94,937)	(9,168,418)	(9,531,309)
<b>Total Equity</b>		<b>360,008</b>	<b>436,586</b>	<b>760,620</b>	<b>1,557,214</b>
<b>Total Liabilities and Equity</b>		<b>383,841</b>	<b>699,772</b>	<b>760,620</b>	<b>1,844,233</b>

**MONGOOSE MINING LTD**

NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

**MONGOOSE MINING LTD.****PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

<i>For the fiscal year ended December 31, 2020</i>	<b>Notes</b>	<b>Mongoose</b>	<b>Spark</b>	<b>Pro Forma Adjustments</b>	<b>Pro Forma Mongoose</b>
Revenue					
Sales		-	-	-	-
Cost of goods sold		-	-	-	-
<b>Gross Profit</b>		-	-	-	-
Expenses					
Professional fees		35,656	47,755	-	83,411
Amortization		-	-	-	-
Bank charges		-	33	-	33
Supplies		-	1,000	-	1,000
Memberships & licenses		-	511	-	511
Listing fees	3.b	16,833	-	8,668,020	8,684,853
Impairment of exploration and evaluation assets	3.e	-	-	768,352	768,352
Office and administrative		6,057	20,000	-	26,057
Meals & entertainment		-	265	-	265
Stock based compensation		-	16,250	-	16,250
Insurance		5,792	-	-	5,792
Travel		-	1,284	-	1,284
<b>Total Expenses</b>		<b>64,338</b>	<b>87,098</b>	<b>9,436,372</b>	<b>9,587,808</b>
Income tax expense		-	-	-	-
<b>Total Comprehensive Loss</b>		<b>(64,338)</b>	<b>(87,098)</b>	<b>(9,436,372)</b>	<b>(9,587,808)</b>

## **MONGOOSE MINING LTD**

### NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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#### **1. BASIS OF PRESENTATION**

The unaudited pro forma consolidated financial statements of Mongoose Mining Ltd. (“Mongoose” or the “Company”) have been prepared to present the acquisition by Mongoose of 100% of the common shares of Spark Minerals Inc. (“Spark”) as though it had taken place as at December 31, 2020.

Pursuant to the March 18, 2021 Share Purchase Agreement among Mongoose and Spark, Mongoose will acquire all of the issued and outstanding Spark Common Shares (see Note 4) (the “Proposed Qualify Transaction” or the “Transaction”).

Immediately prior to completion of the Proposed Qualifying Transaction and as a condition of closing, Mongoose has agreed, subject to approval of the Consolidation Resolution, to consolidate its issued and outstanding Mongoose Common Shares on the basis of one New Mongoose Common Share for each 2.85 Mongoose Common Share then outstanding, resulting in 3,299,298 New Mongoose Common Shares being outstanding immediately prior to completion of the Proposed Qualifying Transaction.

As a result of the Proposed Qualify Transaction, the holders of all outstanding Spark Common Shares shall exchange such shares for New Mongoose Common Shares on a basis of one New Mongoose Common Share for every one Spark Common Share. Although the Proposed Transaction will result in Spark becoming a wholly owned subsidiary of Mongoose, the Proposed Transaction will constitute a reverse take-over of Mongoose inasmuch as the former shareholders of Spark will own a majority of the outstanding shares of Mongoose and four of the five members of the Mongoose Board will be designees of Spark.

The unaudited pro forma consolidated financial statements of the Company have been compiled from and include:

- a) Mongoose's audited financial statements as at December 31, 2020 for which the Canadian dollar is the functional and reporting currency;
- b) Spark's audited financial statements as at December 31, 2020 for which the Canadian dollar is the functional and reporting currency; and
- c) The additional information set out in Note 3 and Note 4.

The unaudited pro forma consolidated financial statements should be read in conjunction with the above-described financial statements and notes thereto.

These unaudited pro forma consolidated financial statements are not necessarily indicative of the Company's financial position on closing of the proposed acquisition. In preparing these unaudited pro forma consolidated financial statements, no adjustments have been made to reflect additional costs or savings that could result from the Transaction. Actual amounts recorded upon approval of the Transaction will likely differ from those recorded in the unaudited pro forma consolidated financial statements.

Completion of the transaction is subject to a number of conditions, including but not limited to, Canadian Securities Exchange (the "Exchange") acceptance.

## 2. PRO FORMA ASSUMPTIONS

The pro forma consolidated financial statements were prepared based on International Financial Reporting Standards (“IFRS”) with the following assumptions:

- a) The adjustments reflect the Transaction as if Spark purchased all the outstanding shares of Mongoose, pursuant to a reverse take-over transaction in accordance with IFRS.
- b) The unaudited pro forma consolidated statement of financial position gives effect to the consolidation of Mongoose’s capital stock on a basis of 2.85 Mongoose Common Shares for 1 new Mongoose Common Share.

## 3. PRO FORMA ADJUSTMENTS

Included are the following adjustments to reflect the Transaction:

- a. The Cash position has been adjusted to reflect a pending private equity raise of \$1,000,000 which is a condition of the Transaction. Cash has been further adjusted by \$190,000 to reflect the transaction costs to be paid.
- b. The Company has performed a preliminary valuation analysis of the fair market value of Mongoose’s assets to be acquired and liabilities to be assumed in the proposed reverse take-over transaction. The following table summarizes the estimated allocation of the preliminary deemed purchase price as at the Proposed Qualifying Transaction date:

Preliminary deemed purchase price	9,747,000
Less: net assets of Mongoose	(360,008)
Less: fair value adjustment to Mongoose exploration and evaluation property	(718,972)
Excess of Preliminary deemed purchase price over fair value of net assets	8,668,020

The excess of the preliminary deemed purchase price over fair market value of net assets is considered a listing expense.

The actual calculation and allocation of the deemed purchase price will be based on the assets acquired and liabilities assumed at the Proposed Qualifying Transaction date and other information at that date to support the allocation of the deemed purchase price to the respective assets and liabilities. Accordingly, the actual amounts for each of the assets and liabilities will vary from the pro forma amount and the variation may be material.

- c. The following chart outlines the required adjustments:

Preliminary deemed purchase price (3.b)	9,747,000
add: pending private equity raise (3.a)	1,000,000
add: shares issued for finders fee	125,000
less: historical Mongoose shareholder equity	(522,762)
less: transaction costs to be paid	(315,000)
	10,034,238

- d. In accordance with the reverse takeover, the adjustments include the elimination of Mongoose’s shares, contributed surplus and warrant reserves and deficit.
- e. The Company has recorded an impairment loss relating to the Mongoose evaluation and exploration property. The Mongoose evaluation and exploration property will not be a material property of the Company upon the completion of the Proposed Qualifying Transaction.







