

**MONGOOSE MINING LTD.**

**FORM 2A**

**LISTING STATEMENT**

DATE: November 12, 2021

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## 1. DEFINITIONS

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

"**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);

"**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;

"**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 Mongoose 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 Transaction;

"**Closing Date**" means November 10, 2021;

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

"**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;

"**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;

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

"**Escrow Release Conditions**" means, with respect to the Spark Subscription Receipts and Mongoose Subscription Receipts, the satisfaction of the conditions for the closing of the Transaction, including the receipt of conditional approval of the listing of the Resulting Issuer from the Exchange;

"**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;

**"Licence Purchase Agreement"** means the agreement to purchase the Cobequid Highlands Property and 19 other claims between 21Alpha as vendor and Spark as purchaser, dated April 30, 2020.

**"Listing Statement"** means this listing statement;

**"m"** means metres;

**"Mongoose"** means Mongoose Mining Ltd., a corporation existing under the laws of British Columbia, and such term refers to Mongoose prior to the completion of the Transaction;

**"Mongoose Consolidation"** means the consolidation of the Mongoose Shares immediately 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 FT Share"** means a flow-through Mongoose Consolidated Share issued to the holders of Mongoose Subscription Receipts in accordance with the Mongoose Subscription Receipt Agreement;

**"Mongoose Option Plan"** means the stock option plan of Mongoose, which provides that the board of directors 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 Private Placement"** means the non-brokered private placement of Mongoose Subscription Receipts for aggregate gross proceeds to Mongoose of \$524,100.30 with each subscription receipt having an issue price of \$0.30, and each being exercisable without payment of any additional consideration into one Mongoose FT Share on the satisfaction of the Escrow Release Conditions;

**"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 prior to the completion of the Transaction;

**"Mongoose Subscription Receipt Agreement"** means the subscription receipt agreement dated October 27, 2021 between the Subscription Receipt Agent and Mongoose governing the Mongoose Subscription Receipts and pursuant to which the proceeds of the Mongoose Private Placement will be held in escrow until completion of the Transaction;

**"Mongoose Subscription Receipts"** means the flow-through subscription receipts issued under the Mongoose Private Placement and pursuant to the terms of the Mongoose Subscription Receipt Agreement for a purchase price of \$0.30 per flow-through subscription receipt, each such Mongoose Subscription Receipt being automatically converted into one Mongoose FT Share immediately prior to the effective time of the Transaction;

**"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 27, 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 a 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*;

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

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

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

**"Property"** means the Cobequid Highlands Property and 19 other claims adjacent to the Cobequid Highlands Property acquired pursuant to the Licence Purchase Agreement as well as 9 claims adjacent to the Cobequid Highlands Property staked by Spark between November 2020 and June 2021;

**"Resulting Issuer"** means Mongoose Mining Ltd. on completion of the Transaction;

**"Resulting Issuer 2019 Finder Warrants"** means the common share purchase warrants of the Resulting Issuer replacing the Mongoose Warrants, after giving effect to the Mongoose Consolidation;

**"Resulting Issuer 2020 Warrants"** means the common share purchase warrants of the Resulting Issuer replacing the Spark FT Warrants, after giving effect to the Mongoose Consolidation;

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

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

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

**"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 Spark Subscription Receipts for aggregate gross proceeds to Spark of \$476,000 with each subscription receipt having an issue price of \$0.25, and each being exercisable without payment of any additional consideration into one Spark Share on the satisfaction of the 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 prior to the completion of the Transaction;

**"Spark Subscription Receipt Agreement"** means the subscription receipt agreement dated October 27, 2021 between the Subscription Receipt Agent and Spark governing the Spark Subscription Receipts and pursuant to which the proceeds of the Spark Private Placement will be held in escrow until completion of the Transaction;

**"Spark Subscription Receipts"** means the subscription receipts issued under the Spark Private Placement and pursuant to the terms of the Spark Subscription Receipt Agreement for a purchase price of \$0.25 per Spark Subscription Receipt, each such Spark Subscription Receipt being

automatically converted into one Spark Share immediately prior to the effective time of the Transaction;

**"Subscription Receipt Agent"** means Fogler, Rubinoff LLP;

**"Technology Metals"** means Technology Metals Inc. (formerly Maximos Metals Corp.), a corporation existing under the laws of Canada;

**"Transaction"** means the share exchange between Mongoose and Spark pursuant to the Share Exchange Agreement, pursuant to which Mongoose acquired 26,904,000 Spark Shares, being all of the issued and outstanding Spark Shares, in exchange for Mongoose Consolidated Shares on a one-to-one basis, and pursuant to which all of the outstanding convertible securities of Mongoose were replaced in accordance with their terms with those of the Resulting Issuer.

## ***Forward-Looking Information***

The information provided in this Listing Statement, including information incorporated by reference, may contain "forward-looking information". In addition, 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 the Resulting Issuer that address activities, events or developments that it expects or anticipates 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 Resulting Issuer'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 the Resulting Issuer to successfully integrate Mongoose and Spark and manage risks; there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, damage to equipment or otherwise; certain commodity price assumptions; the prices for energy and other key supplies remaining consistent with current levels; the accuracy of current estimates of the timing, cost, nature and results of exploration activities; and the economy generally;

Consequently, all forward-looking statements made in this Listing Statement 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 Resulting Issuer and/or persons acting on its behalf may issue. The Resulting Issuer undertakes 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 17 – "*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 is Mongoose Mining Ltd. The registered office of the Resulting Issuer is 595 Howe St 10th floor, Vancouver, BC V6C 2T5. The head office of the Resulting Issuer is 77 King Street West, Suite 3000, Toronto, Ontario M5K 1G8.



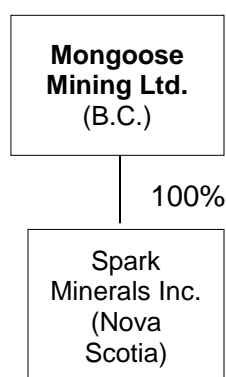
## 2.2 Jurisdiction of Incorporation

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

Spark was incorporated pursuant to the provisions of the *Companies Act* (Nova Scotia) 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 is as follows:



## 2.4 Fundamental Change

Immediately before listing on the Exchange, Mongoose and Spark completed the Transaction. In conjunction with the Transaction, Mongoose consolidated the Mongoose Shares on a 2.85:1 basis. Upon completion of the Transaction, Mongoose became the Resulting Issuer and Spark became a wholly owned subsidiary of the Resulting Issuer. The Transaction constitutes a reverse takeover. 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 Mongoose 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*

Prior to the Transaction, Mongoose was engaged in the business of mineral exploration and the acquisition of mineral property assets in British Columbia. Its objective was 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, Mongoose 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 27, 2019, Mongoose 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".

Mongoose entered into an option agreement dated January 24, 2019 whereby Mongoose 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, Mongoose 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, making total cash payments of \$557,500, and completing \$625,000 in qualifying expenditures by the fourth anniversary (November 27, 2023) of the listing date of Mongoose, such payments to be made in accordance with the following schedule:

| Date              | Shares  | Cash Payments | Expenditures |
|-------------------|---------|---------------|--------------|
| On signing        | -       | \$7,500       | -            |
| November 27, 2019 | 100,000 | -             | -            |
| September 1, 2019 | -       | -             | \$25,000     |
| November 27, 2020 | 100,000 | -             | -            |
| November 27, 2021 | 100,000 | \$20,000      | \$100,000    |
| November 27, 2022 | 100,000 | \$30,000      | \$100,000    |
| November 27, 2023 | 200,000 | \$500,000     | \$400,000    |
| Total             | 600,000 | \$557,500     | \$625,000    |

To date, Mongoose has made the initial cash payment of \$7,500, has issued a total of 200,000 Mongoose Shares (100,000 Mongoose Shares on November 27, 2019 and another 100,000 Mongoose Shares on November 27, 2020), and has met the expenditure target of \$25,000 on September 1, 2019.

The optionors retain a 2% Net Smelter Return royalty on the Chu Chua Gold Property. Mongoose 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.

Mongoose has the right to terminate the Chu Chua Option Agreement by giving thirty days' written notice of such termination. The Resulting Issuer will allow the Chu Chua Option Agreement to lapse and as such, the Chu Chua Gold Property is not a material property of the Resulting Issuer.

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

Prior to the Transaction, Spark was a private company engaged in the acquisition, exploration and evaluation of mineral properties. Spark is the holder of exploration licences to explore the Cobequid Highlands Property, an area covering approximately 3,264 hectares or 32.64 km<sup>2</sup>, located in Londonderry and Debert, Nova Scotia. The Cobequid Highlands Property is recognized to indicate potential for IOCG mineralization. In addition, Spark is the holder of 28 additional claims adjacent to the Cobequid Highlands Property.

### 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 Cobequid Highlands Property and 19 additional adjacent claims from 21Alpha. Pursuant to the terms of the Licence Purchase Agreement, 21Alpha agreed to assign and transfer the Cobequid Highlands Property and 19 additional adjacent claims 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. The transaction pursuant to the Licence Purchase Agreement was a non-arm's length transaction since 21Alpha was a principal shareholder of Spark at the time of the Licence Purchase Agreement. 21Alpha continues to be a principal shareholder of the Resulting Issuer following the Transaction.

On April 30, 2020, Spark entered into the NSR Royalty Agreement with Technology Metals, Gravel Developments Inc., and John Shurko Inc. Pursuant to the NSR Royalty Agreement, Spark granted a 2% perpetual royalty on returns from the properties acquired pursuant to the Licence Purchase Agreement, payable quarterly. The royalty is to be paid 65% to Technology Metals 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 or any properties within five kilometres of the boundary of the property.

The parties to the NSR Royalty Agreement were non-arm's length parties at the time of entering into the NSR Royalty Agreement and continue to be non-arm's length parties at the date of this Listing Statement. The principals of Gravel Developments Inc. and John Shurko Inc. are Jimmy Gravel and John Shurko, respectively. Jimmy Gravel and John Shurko are principal shareholders of 21Alpha, which was a principal shareholder of Spark prior to the Transaction and is a principal shareholder of the Resulting Issuer subsequent to the Transaction. Further, Technology Metals was also a principal shareholder of Spark prior to the Transaction and is a principal shareholder of the Resulting Issuer subsequent to the Transaction. See "12. *Principal Shareholders*" for further details.

### 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 until December 30, 2023.

### **The Transaction**

Mongoose 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 Mongoose entering into 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 acquired all of the issued and outstanding shares of Spark in exchange for Resulting Issuer Shares on a one-for-one basis. 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 Resulting Issuer Shares on the basis of one Resulting Issuer Share for each Spark Share. Further, the outstanding convertible securities of Spark became exchangeable for securities of the Resulting Issuer in accordance with their terms following the completion of the Transaction. The Transaction was completed on November 10, 2021.

Immediately prior to the Closing of the Transaction, Mongoose completed 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 constituted a "reverse takeover" of Mongoose by Spark and the Spark Shareholders. As a result of the Transaction: (i) Spark became a wholly-owned subsidiary of the Resulting Issuer; and (ii) the Spark Shareholders became the controlling shareholders of the Resulting Issuer holding approximately 84.2% of the outstanding shares of the Resulting Issuer Shares.

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 Listing Statement 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 Spark Subscription Receipts at a price of \$0.25 per Spark Subscription Receipt. A total of 1,904,000 Spark Subscription Receipts were issued for gross proceeds of \$476,000. Each Spark Subscription Receipt entitled the holder thereof to acquire, without the payment of additional consideration and upon satisfaction of the Escrow Release Conditions, one Spark Share immediately prior to Closing of the Transaction.

Upon automatic conversion of the Spark Subscription Receipts, each holder of a Spark Subscription Receipt transferred their Spark Shares into Resulting Issuer Shares at the Exchange Ratio.

For further information see below, Section 10.7 "*Prior Sales – Spark Private Placement*".

#### Mongoose Private Placement

In conjunction with the Transaction, Mongoose completed the Mongoose Private Placement of Mongoose Subscription Receipts at a price of \$0.30 per Mongoose Subscription Receipt. A total of 1,747,001 Mongoose Subscription Receipts were issued for gross proceeds of \$524,100.30. Each Mongoose Subscription Receipt entitled the holder thereof to acquire, without the payment of additional consideration and upon satisfaction of the Escrow Release Conditions, one Mongoose FT Share immediately prior to Closing of the Transaction.

For further information see below, Section 10.7 "*Prior Sales – Mongoose 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 properties 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 Resulting Issuer's business, financial condition or results of operations, apart from those associated with the risks described in Section 17 – "*Risk Factors*".

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

### **4.1 Business of the Resulting Issuer**

The Resulting Issuer is engaged in the acquisition, exploration and evaluation of mineral properties. The Property is the Resulting Issuer's principal property. The Resulting Issuer will allow the Chu Chua Option Agreement to lapse and as such, the Chu Chua Gold Property is not a material property of the Resulting Issuer. The business of the Resulting Issuer is the exploration and development of the Property.

#### *(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, which forms part of the larger Property. It is also the current intention of the Resulting Issuer to remain in the mineral exploration business. Should the Cobequid Highlands Property not be deemed viable, the Resulting Issuer intends to explore other opportunities to acquire interests in other mineral properties. The Resulting Issuer's operations and assets will be primarily in Nova Scotia, Canada.

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

The business objective that the Resulting Issuer expects to accomplish using the available funds described below under the heading "*Purpose of Funds*", is to complete the Phase 1 recommendations set out in the Cobequid Highlands Technical Report, which includes the following:

| <b>Significant Event or Milestone</b>   | <b>Target Date</b>                  | <b>Estimated Cost</b> |
|---|-------------------------------------|-----------------------|
| Geological mapping and prospecting on the priority targets throughout the claims. | Eight months after the Closing Date | \$60,000              |

|  |                                      |                  |
|--|--------------------------------------|------------------|
| In-depth reinterpretation of all previous geophysical data. The cost is approximately \$25,000.  | Three months after the Closing Date  | \$25,000         |
| Focused high resolution gravity survey on priority targets.  | Three months after the Closing Date  | \$30,000         |
| Follow up soil sampling program over target areas outlined by the gravity study.   | Eight months after the Closing Date  | \$40,000         |
| Assaying of both rock samples and soil sampling  | Eight months after the Closing Date  | \$15,000         |
| Related costs to the exploration program, including: field camp, Vehicle rental, field supplies, travel, Mineralogical studies, food, fees, and reporting. | Eight months after the Closing Date  | \$49,000         |
| Completion of a new 43-101 report on the Property. The report will outline high priority target areas for Phase II of the program if warranted.            | Twelve months after the Closing Date | \$30,000         |
| A report compiling all Phase-I program results   | Twelve months after the Closing Date | \$15,000         |
| Claim expenses   | Twelve months after the Closing Date | \$45,240         |
| Permitting   | Twelve months after the Closing Date | \$3,000          |
| Renewal fee  | Twelve months after the Closing Date | \$3,717          |
| <b>Total</b>   |                                      | <b>\$315,957</b> |

(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 Mongoose as of October 31, 2021           | \$245,000          |
| Estimated working capital of Spark as of October 31, 2021              | \$264,000          |
| Net proceeds of Spark Private Placement and Mongoose Private Placement | \$900,000          |
| Less expenses and costs of the Transaction                             | \$100,000          |
| <b>Total</b>   | <b>\$1,309,000</b> |

The Resulting Issuer'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 Mongoose – Total Funds Available" will be used.

| <b>Use of Proceeds</b>                      | <b>Funds to be Expended</b> |
|---|-----------------------------|
| Costs of completing listing on the Exchange | \$90,000                    |
| Phase 1 Exploration Program                 | \$315,957                   |
| General and Administrative Expenses         | \$280,000                   |
| Unallocated Working Capital                 | \$623,043                   |
| <b>Total</b>                                | <b>\$1,309,000</b>          |

A summary of the estimated annual general and administrative costs for the 12 months immediately following the listing of the Resulting Issuer Shares on the Exchange is as follows:

| <b>Item</b>                                     | <b>Amount</b>    |
|---|------------------|
| Professional fees (legal, accounting, tax)      | \$35,000         |
| Consulting fees (management and administration) | \$125,000        |
| Corporate and shareholder communications        | \$15,000         |
| Rent  | \$24,000         |
| Office (supplies, services, travel)             | \$6,000          |
| Marketing and promotion                         | \$50,000         |
| Transfer agent and regulatory fees              | \$15,000         |
| Insurance                                       | \$10,000         |
| Director Fees                                   | \$0              |
| <b>Total</b>                                    | <b>\$280,000</b> |

(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 the Resulting Issuer competes with many companies that have greater financial resources and technical facilities than the Resulting Issuer. Significant competition exists for the limited number of mineral acquisition opportunities available in the Resulting Issuer's geographic sphere of operations. As a result of this competition, the Resulting Issuer'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**

Neither Spark nor Mongoose have been the subject of any bankruptcy or any receivership or similar proceedings against them or any voluntary bankruptcy, receivership or similar proceedings by Spark or Mongoose, within the three most recently completed financial years or the current financial year.

**(7) Material Restructuring**

Spark and Mongoose have not been subject to any material restructuring transaction within the three most recently completed financial years nor are Spark and Mongoose proposing any material restructuring transaction for the current financial year.

**(8) Social and Environmental Policies**

The Resulting Issuer has not adopted any formal social or environmental policies that are fundamental to its operations.

**4.2 Asset Backed Securities**

The Resulting Issuer does not have any asset backed securities.

**4.3 Mineral Projects**

**Material Property of the Resulting Issuer**

The Resulting Issuer holds two properties – the Property and the Chu Chua Gold Property. The Property is the principal property of the Resulting Issuer. The Resulting Issuer will allow the Chu Chua Option Agreement to lapse and as such, the Chu Chua Gold Property is not a material property of the Resulting Issuer.

*Cobequid Highlands Property*

On April 30, 2020, Spark entered into the Licence Purchase Agreement to acquire all of the rights, title and interest in and to the Cobequid Highlands Property and 19 additional adjacent claims



from 21Alpha. Pursuant to the terms of the Licence Purchase Agreement, 21Alpha agreed to assign and transfer the Cobequid Highlands Property 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. The transaction pursuant to the Licence Purchase Agreement was a non-arm's length transaction since 21Alpha was a principal shareholder of Spark at the time of the Licence Purchase Agreement. 21Alpha continues to be a principal shareholder of the Resulting Issuer following the Transaction.

On April 30, 2020, Spark entered into the NSR Royalty Agreement with Technology Metals, Gravel Developments Inc., and John Shurko Inc. Pursuant to the NSR Royalty Agreement, Spark granted a 2% perpetual royalty on returns from the properties acquired pursuant to the Licence Purchase Agreement, payable quarterly. The royalty is to be paid 65% to Technology Metals 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 Cobequid Highlands Property or any properties within five kilometres of the boundary of the Cobequid Highlands Property.

The parties to the NSR Royalty Agreement were non-arm's length parties at the time of entering into the NSR Royalty Agreement and continue to be non-arm's length parties at the date of this Listing Statement. The principals of Gravel Developments Inc. and John Shurko Inc. are Jimmy Gravel and John Shurko, respectively. Jimmy Gravel and John Shurko are principal shareholders of 21Alpha, which was a principal shareholder of Spark prior to the Transaction and continues to be a principal shareholder of the Resulting Issuer subsequent to the Transaction. Further, Technology Metals was also a principal shareholder of Spark prior to the Transaction and continues to be a principal shareholder of the Resulting Issuer subsequent to the Transaction. See "*12. Principal Shareholders*" for further details.

Aside from the royalty, no consideration remains to be paid for the Cobequid Highlands Property. The Resulting Issuer is a 100% owner of the Cobequid Highlands Property subject to the 2% perpetual royalty. The Cobequid Highlands Property is located in the north-central part of the Province of Nova Scotia, within NTS sheets 11E05 & 11E12. The Cobequid Highlands 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 Cobequid Highlands Property is mostly composed of private lands with a few limited crownland areas located in the western area of the Cobequid Highlands Property.

Work done on the Cobequid Highlands Property from January 1, 2019 until June 15, 2021 totaled \$130,133 in exploration expenses. These expenses included the cost of completing the Cobequid Highlands Technical Report (\$11,669), a hyperspectral analysis completed by Nanospectral Geophysical (\$71,808), geophysics reinterpretations of past surveys by SL Exploration (\$7,656), data driven perspective mapping which included the digitizing and artificial intelligence reinterpretation of over 200 past geological reports by Mercator Geological Services (\$21,000), and geological program management, including research and prospecting field work, by 2501023 NS Ltd., owned by Terence Coughlan P.Geo (\$18,000).

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).

Alex MacKay, P. Geo. of AMK Geoscience Ltd. prepared the Cobequid Highlands Technical Report. Mr. MacKay is a Qualified Person for the purpose of NI 43-101, and he certified that he is "independent" of Spark for the purposes of NI 43-101.

The Cobequid Highlands Property's historical work will be augmented in two phases of exploration as recommended by Mr. MacKay in the Cobequid Highlands Technical Report. Phase I will include detailed geological mapping and prospecting focused on the eight targets (discussed under Section 4.3(5)(b) – *Mineral Projects – Exploration Information – Interpretation of the Exploration Information*) and alteration mineralization that is critical to discovering the ore zone in an IOGC setting. The mapping program will be complemented by a property-scale soil sampling program to fill-in data gaps due to lack of bedrock exposure. Furthermore, geophysical coverage will be extended (airborne TDEM) or concentrated (ground gravity), and merged with historical data. The field programs will be guided by a comprehensive compilation and review of past exploration programs within the Cobequid Highlands Property and in adjacent areas. This effort will include re-processing and re-interpreting of geophysical data (gravity, EM, IP). Also, assaying of rock samples and historical drill cores for base and precious metals is expected to be of great value to evaluating the mineral potential of the Cobequid Highlands Property. The Phase I budget is estimated at \$315,957, which will include funds for a 43-101 compliant submission to address 19 additional adjacent claims comprising the Property that are not incorporated in the Cobequid Highlands Technical Report.

Phase II will depend on the results of Phase I. Assuming positive results, Phase II should include a 2,000 m drill program, drill core assaying and preliminary environmental assessments. The budget for Phase II of the exploration program is \$839,400.

The licences comprising the Cobequid Highlands Property are in good standing and the expiry dates of the tenures are from June 8, 2022 to August 3, 2023. A minimum of \$45,240 in exploration expenditures will be required for claim renewal, along with renewal fees of \$3,717.22. Work done from January 1, 2019 until June 15, 2021 totaled \$130,133 in exploration expenses. The tenures and claims are described in the appendices 1, 2 and 3 of the Cobequid Highlands Technical Report.

## **(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 Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property.

Figure 1 – Location of the Cobequid Highlands Property



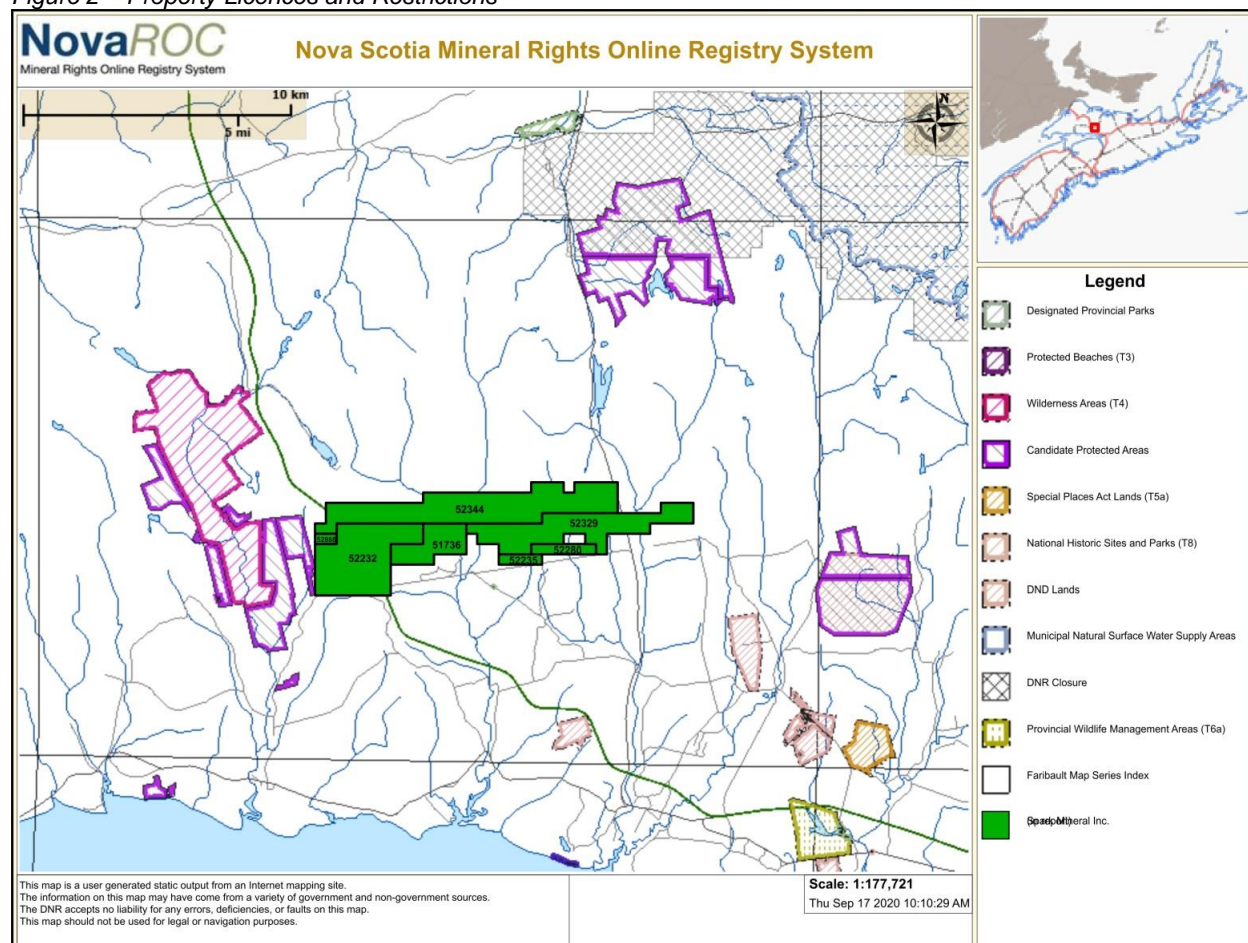
*Area of the Cobequid Highlands Property*

The Cobequid Highlands 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 Cobequid Highlands Property is mostly composed of private lands with a few limited crownland areas located in the western area of the Cobequid Highlands Property.

There are no restrictions on the Cobequid Highlands Property. A protected area, the Portapique River Wilderness Area, lies to the west of the Cobequid Highlands Property. In addition, Department of National Defense (DND) land is located 6 km southeast of the Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property consists of one irregular block totaling 7 claim tenures, over approximately 3,264 hectares or 32.64 km<sup>2</sup>. The licences comprising the Cobequid Highlands Property are in good standing and the expiry dates of the tenures are from June 8, 2022 to August 3, 2023. A minimum of \$45,240 in exploration expenditures will be required for claim renewal, along with renewal fees of \$3,717.22. Work done from January 1, 2019 until June 15, 2021 totaled \$130,133 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 Cobequid Highlands Property for the benefit of Technology Metals, 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 Spark's activities.



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 Spark'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 pad areas and potential processing plant sites.

Non-Report Information

Although not indicated in the Cobequid Highlands Technical Report, the exploration of the Cobequid Highlands Property is at an early stage and no commercial deposit has been identified. Details of the nature and extent of Spark's title and interest in the Cobequid Highlands 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 Cobequid Highlands Property is in an area that is generally regarded as having access to the infrastructure required for a mining operation. In the event the Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property**

The different elements described in this "History" section are located on the Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property, on tenures 52329 and 52344. **NS-24** is a 2600 m x 600 m gravity anomaly and is located on the northwest corner of the Cobequid Highlands 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 Cobequid Highlands Property). Moreover, a new target, NS-27d, was also defined and a small part of it is located on the Cobequid Highlands Property limit. Soil surveys and prospecting were also completed over these targets. Appendices 6, 7 and 8 of the Cobequid Highlands Technical Report 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 shows 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 Cobequid Highlands 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 positive anomalies for Cu, Ba and Fe were found (Allen, 2012).

Between May 27<sup>th</sup> and June 17<sup>th</sup> 2013, Cogonov Inc. conducted geological mapping on the exploration licence #06201 (51736). The principal exploration objective of this mapping effort was to identify potential IOCG-type mineralization. At least three major structural orientations were identified on the Cobequid Highlands 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 25<sup>th</sup> and June 6<sup>th</sup> 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 Cobequid Highlands Property from 21Alpha on April 30, 2020. As consideration for the Cobequid Highlands Property and 19 other adjacent claims, Spark paid \$18,169.26 in cash and granted and issued a royalty, pursuant to the NSR Royalty Agreement. 21Alpha was an insider of Spark, as it was a shareholder of 35% of the outstanding Spark Shares. Subsequent to the Transaction, 21Alpha is an insider of the Resulting Issuer, as it is 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 Cobequid Highlands Property, 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 Cobequid Highlands Property is overlain, from north to south, by hornblende quartzofeldspathic 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 Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property.

| <i>ID</i> | <i>Showing Name</i>                                  | <i>Status</i> | <i>Mineral</i> | <i>Commodities</i> |
|-----------|--|---------------|----------------|--------------------|
| E05-001*  | Folly River Cu, Fe Occurrences                       | Showing       | ankerite       | Cu, Fe             |
| E05-008   | Derry Fe Mine<br>(Brooking Mine)                     | Past Producer | hematite       | Fe, Ba             |
| E05-009   | Lornevale Fe Prospect<br>(Matheson Brook)            | Showing       | ankerite       | Fe                 |
| E05-026   | Londonderry Pb, Zn Occurrence<br>(Saltsprings Brook) | Showing       | galena         | Pb, Zn             |
| E05-055*  | Londonderry Fe Mine<br>(Old Mountain Mines)          | Past Producer | ankerite       | Fe, Mn             |
| E05-056   | Londonderry Fe District<br>(Martins Brook Workings)  | Past Producer | limonite       | Fe, Mn             |
| E05-057   | Cook Brook Fe Mine<br>(Londonderry)                  | Past Producer | ankerite       | Fe, Mn             |
| E05-058*  | Londonderry Fe Mines<br>(West Mines)                 | Past Producer | limonite       | Fe, Ba, Mn         |

\*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 Cobequid Highlands 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)

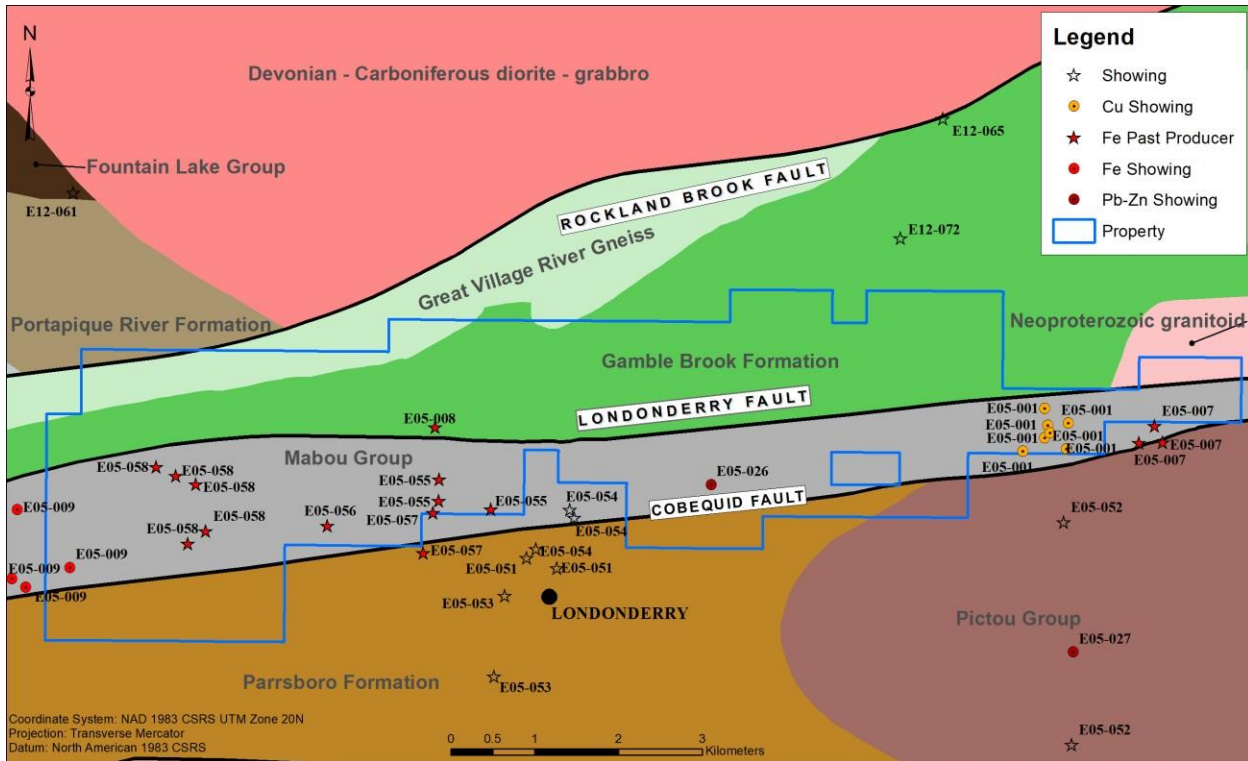
#### **E05-055, E05-056 and E05-058**

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 4. Occurrences on the Cobequid Highlands 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 Cobequid Highlands Property limits were very similar to the current Cobequid Highlands Property limits. The western part of the Cobequid Highlands 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 Cobequid Highlands Property. However, one conductor axis is found on the Cobequid Highlands Property and may be related to a bedrock source. The elements from this heliborne survey were used in the interpretation of targets on the Cobequid Highlands 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 for the Cobequid Highlands 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 Cobequid Highlands 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 of the Cobequid Highlands Technical Report.

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 Cobequid Highlands Property led to the discovery of multiple showings, including iron deposits that were mined in from the late 19<sup>th</sup> to early 20<sup>th</sup> 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 Cobequid Highlands Property.

Multiple geophysical, soil and rock anomalies found during historical work could be explained by the presence of IOCG mineralization. Eight targets (Figure 5) 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. 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 Cobequid Highlands Property as past exploration work did not assay for a 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).

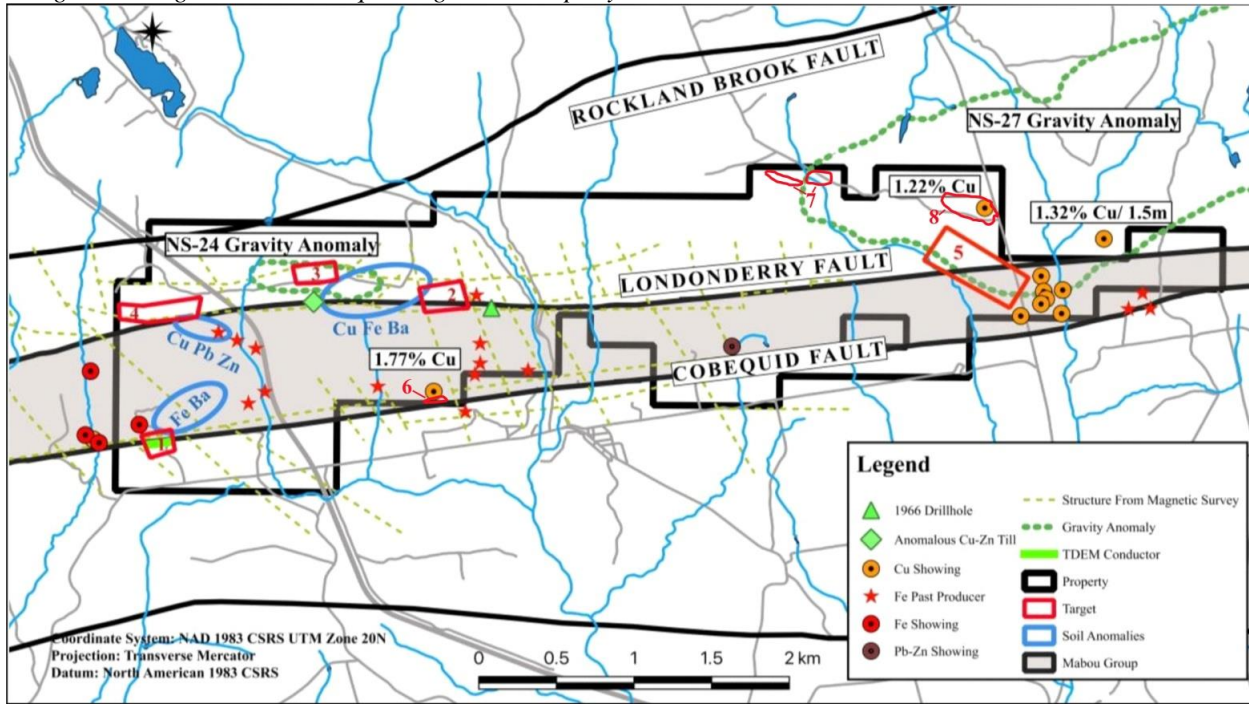
### **Target 7**

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 5. Targets on the Cobequid Highlands Property.



**(c) Parties Conducting Exploration**

All surveys and investigations on the Cobequid Highlands 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 6). 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 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).

### Londonderry IOCG

Many different mineral occurrences have been found on the Cobequid Highlands Property that may relate to IOCG mineralization (see *Mineralization*, above). Oxides can be found such as

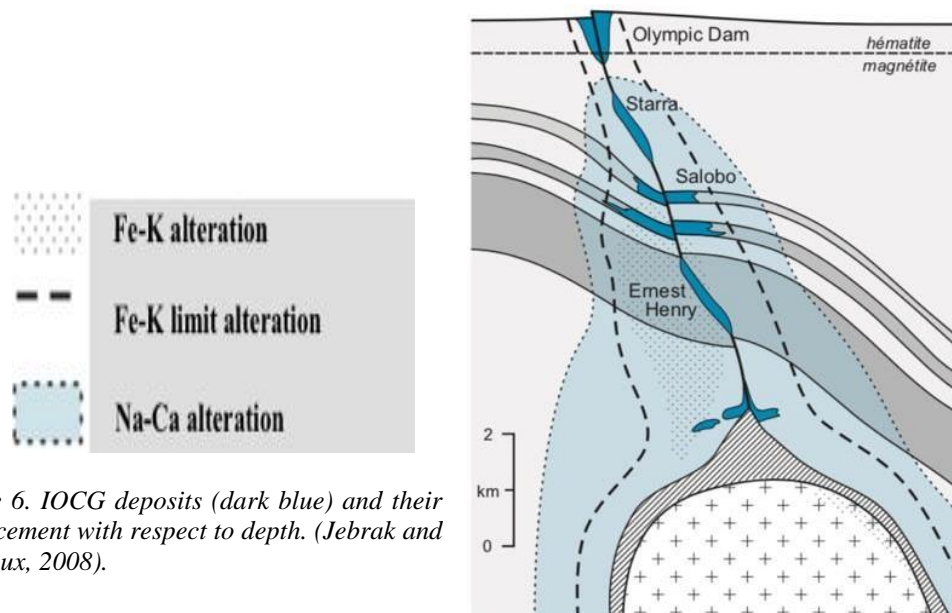


Figure 6. IOCG deposits (dark blue) and their emplacement with respect to depth. (Jébrak and Marcoux, 2008).

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 Cobequid Highlands Property, where the timing is syn-intrusive (Wright, 1975). Appendices 4 and 5 of the Cobequid Highlands Technical Report show pictures of IOCG mineralization.

**(7) Drilling**

No drilling was performed on the Cobequid Highlands Property by Spark.

**(8) Sampling and Analysis:**

No sampling was performed on the Cobequid Highlands 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 Cobequid Highlands Property and the following aspects were observed on September 11, 2020:

**Property Access**

The Cobequid Highlands 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 7.

*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 |

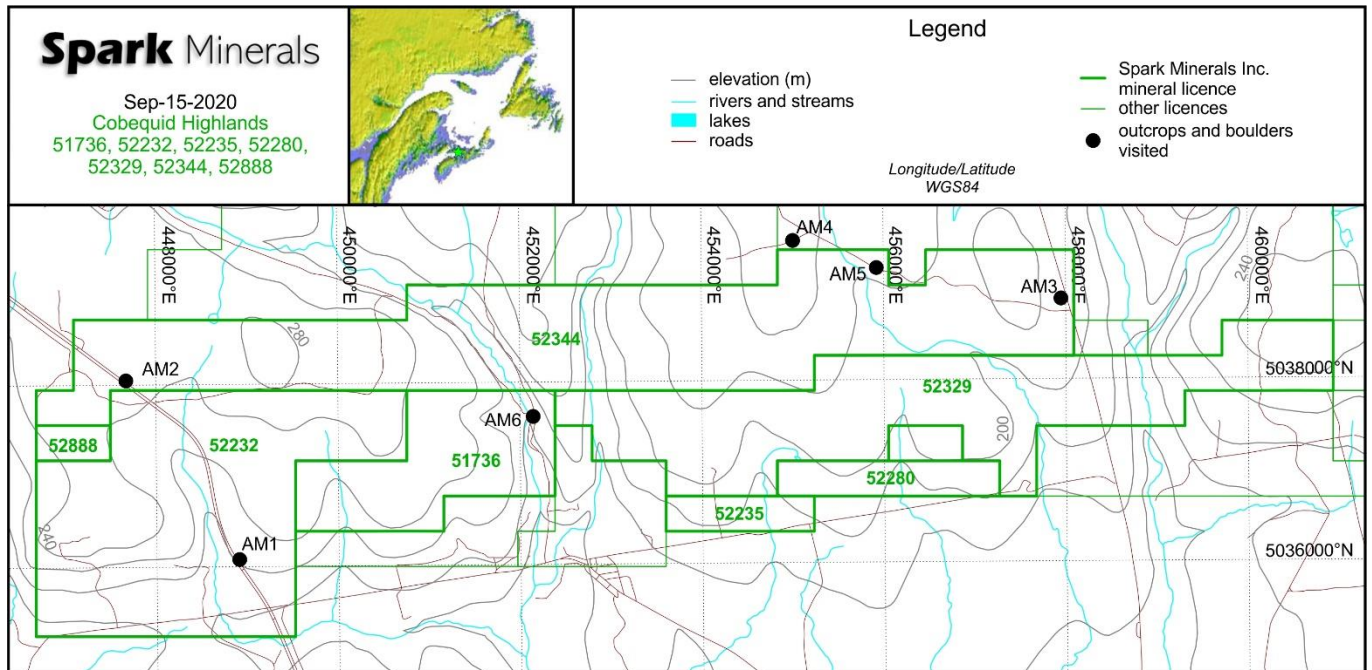


Figure 7. Sites visited during the current Personal Inspection.

### 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.

#### 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).



Figure 8.-Rocks observed at site AM1

#### 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 9. 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 10.-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 the CIM, have been outlined on the Cobequid Highlands Property.

## **(11) Mining Operations**

Not applicable.

## **(12) Exploration and Development**

The Cobequid Highlands Technical Report noted that the Cobequid Highlands Property is at an early exploration stage.

The Cobequid Highlands Property overlies lithological and structural environments could be attributed to IOCG mineralization within the Cobequid-Chedabucto Fault Zone (CCFZ). The Cobequid Highlands 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 Cobequid Highlands 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 Cobequid Highlands Property to host IOCG mineralization.

### Recommendations

The Cobequid Highland Property was historically covered with multiple geochemical and geophysical surveys. A review of the Cobequid Highlands 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 table below and is estimated at approximately \$315,957. The Phase II budget is also presented below.

Proposed Budget

|                | <b>Work</b>                           | <b>Cost (CAD\$)</b> |
|----------------|---------------------------------------|---------------------|
| <b>Phase I</b> | 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> |
|-----------------|-----------------------------|---------------------|
| <b>Phase II</b> | 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 CONSOLIDATED FINANCIAL INFORMATION

### 5.1 Consolidated Financial Information - Annual Information

The following selected financial information is derived from and subject to the detailed information contained in the audited annual financial statements of Mongoose 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 Listing Statement, as well as the unaudited interim financial statements of Mongoose for the six month period ended June 30, 2021, as set out in Schedule "B" to this Listing Statement. This information should only be read in conjunction with such financial statements.

|   | Unaudited                            | (Audited) For the Year Ended<br>December 31 |              |
|---|--------------------------------------|---|--------------|
|   | Six Months<br>ended June 30,<br>2021 | 2019<br>(\$)                                | 2020<br>(\$) |
| Total revenues                                    | Nil                                  | Nil   | Nil          |
| Net income (loss) continuing operations           | (46,629)                             | (203,616)                                   | (64,338)     |
| Net income (loss) per share basic / fully diluted | (0.00)                               | (0.04)                                      | (0.01)       |
| Total assets                                      | 334,055                              | 432,215                                     | 383,481      |
| Total long-term liabilities                       | Nil                                  | Nil   | Nil          |
| Cash dividends declared                           | Nil                                  | 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 annual financial statements of Spark attached hereto as Schedule "C", as well as the unaudited interim financial statements of Spark for the six month period ended June 30, 2021, as set out in Schedule "D" to this Listing Statement:

|   | Unaudited                            | (Audited) For the Year Ended<br>December 31 |              |
|---|--------------------------------------|---|--------------|
|   | Six Months<br>ended June 30,<br>2021 | 2019<br>(\$)                                | 2020<br>(\$) |
| Total revenues                                    | Nil                                  | Nil   | Nil          |
| Net income (loss) continuing operations           | (125,017)                            | (3,229)                                     | (95,848)     |
| Net income (loss) per share basic / fully diluted | (0.51)                               | (0.03)                                      | (0.48)       |
| Total assets                                      | 772,651                              | 186   | 858,522      |
| Total long-term liabilities                       | Nil                                  | Nil   | Nil          |
| Cash dividends declared                           | Nil                                  | Nil   | Nil          |

## 5.2 Consolidated Financial Information – Quarterly Information

The following information is in respect of Mongoose for the eight quarters preceding the date of this Listing Statement:

| Quarter Ended   | Total Revenues | Net Loss<br>(\$) | Basic and diluted<br>loss per share<br>(\$) |
|---|----------------|------------------|---|
| 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<br>(January 16, 2019) -<br>March 31, 2019 | Nil            | (55,061)         | (0.01)                                      |

Copies of the unaudited interim financial statements for the periods listed above for Mongoose are available on Mongoose's SEDAR profile at [www.sedar.com](http://www.sedar.com). A copy of the audited financial statements of Mongoose for the period ended December 31, 2020 are attached as Schedule "A" to this Listing Statement.



### 5.3 Dividends

Neither Mongoose 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. The Resulting Issuer has not declared any cash dividends and it intends to retain its earnings to finance the growth and expansion of its operations. As such, the Resulting Issuer anticipates that it will not pay any dividends on the Resulting Issuer Shares or other securities in the foreseeable future.

### 5.4 Foreign Generally Accepted Accounting Principles (GAAP)

The Resulting Issuer does not present its financial information on the basis of foreign GAAP.

## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Mongoose's management's discussion and analysis for the year ended December 31, 2020 and for the six month period ended June 30, 2021 are available on Mongoose's SEDAR profile at [www.sedar.com](http://www.sedar.com) and is attached as Schedule "E" hereto.

Spark's management's discussion and analysis for the year ended December 31, 2020 and for the six month period ended June 30, 2021 are attached as Schedule "F" hereto.

## 7. MARKET FOR SECURITIES

The Mongoose Shares prior to the Transaction, and the Resulting Issuer Shares subsequent to the Transaction, are listed for trading on the Exchange as "MNG" and it is not anticipated that the symbol will change following completion of the Transaction. The Mongoose Shares were listed on the Exchange on November 27, 2019. Trading of the Mongoose Shares was halted upon the announcement of the Share Exchange Agreement in accordance with the Exchange's policies on March 16, 2021. The closing trading price of the Mongoose Shares on the Exchange on March 15, 2021 (the last trading day before trading was halted) was \$0.12.

## 8. CONSOLIDATED CAPITALIZATION

The following table sets out the capitalization of the Resulting Issuer after giving effect to the Transaction:

| Designation of Security | Authorized Amount | Amount Outstanding after Transaction |
|-------------------------|-------------------|--------------------------------------|
| Resulting Issuer Shares | Unlimited         | 31,950,299                           |

| Designation of Security   | Authorized Amount                             | Amount Outstanding after Transaction |
|---|---|--------------------------------------|
| Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer 2019 Finder Warrants <sup>(1)</sup> | 102,737                                       | 102,737                              |
| Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer 2020 Warrants <sup>(2)</sup>        | 2,500,000                                     | 2,500,000                            |
| Resulting Issuer Shares reserved for issuance upon exercise of Resulting Issuer Options <sup>(3)</sup>              | 10% of issued and outstanding Mongoose Shares | 685,544                              |

**Notes:**

- (1) 102,737 Resulting Issuer 2019 Finder Warrants are exercisable into one Resulting Issuer Share each at a price of \$0.285 per share until November 27, 2021.
- (2) 2,500,000 Resulting Issuer 2020 Warrants are exercisable into one Resulting Issuer Share each at a price of \$0.25 per share until December 31, 2023.
- (3) 325,544 Resulting Issuer Options were originally granted on November 17, 2019 and are exercisable at a price of \$0.285 per option into one Resulting Issuer Share until November 17, 2024. A further 360,000 Resulting Issuer Options were granted on September 30, 2020 which are exercisable at a price of \$0.05 per option into one Resulting Issuer Share until September 30, 2025. Please see "Section 9 – Options to Purchase Securities" for details regarding the exercise price and expiry date of the Resulting Issuer Options.

For further details about the Resulting Issuer's issued securities, see Section 14 – *Capitalization*.

## 9. OPTIONS TO PURCHASE SECURITIES

### *Resulting Issuer Option Plan*

The Resulting Issuer Option Plan was approved by Mongoose's directors on March 11, 2019. The purpose of the Resulting Issuer Option Plan is to assist the Resulting Issuer in attracting, retaining and motivating directors, officers, employees and consultants (together "**eligible persons**") of the Resulting Issuer and of its affiliates and to closely align the personal interests of such eligible persons with the interests of the Resulting Issuer and its shareholders.

The Resulting Issuer Option Plan provides that the aggregate number of shares reserved for issuance will be 10% of the number of Resulting Issuer Shares issued and outstanding from time to time.

The Resulting Issuer Option Plan is administered by the Resulting Issuer Board, who have full and final authority with respect to the granting of all options thereunder.

Resulting Issuer Options may be granted under the Resulting Issuer Option Plan to such eligible persons of the Resulting Issuer and its affiliates, if any, as the Resulting Issuer Board may from time to time designate. The exercise prices shall be determined by the Resulting Issuer Board, but shall, in no event, be lower than the greater of the closing market prices of the underlying Resulting Issuer Shares on: (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The Resulting Issuer Option Plan provides that after the Listing Date, the number of Resulting Issuer Shares issuable on the exercise of options granted

to all persons together with all of the Resulting Issuer's other previously granted options may not exceed 10% of the Resulting Issuer's issued and outstanding common shares on a non-diluted basis, from time to time. In addition, the number of Resulting Issuer 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 Resulting Issuer Shares issued and outstanding on the grant date, on a non-diluted basis, unless otherwise approved by disinterested shareholders of the Resulting Issuer. 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 Resulting Issuer Option Plan will expire on the date set by the Resulting Issuer 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. Resulting Issuer Options granted under the Resulting Issuer Option Plan are not transferable or assignable other than by testamentary instrument or pursuant to the laws of succession.

The terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Resulting Issuer must post notice of the cancellation and shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.

In addition to the thresholds set out in the Resulting Issuer Option Plan, the Resulting Issuer is bound by the limits contained in s.2.25(2) of National Instrument 45-106 – *Prospectus Exemptions*, until such time that it obtains shareholder approval for the Resulting Issuer Option Plan.

The following table sets out information about the options that are issued and outstanding pursuant to the Resulting Issuer Option Plan following the Transaction:

| Category   | Number of Optionees | Date of Grant | Number of Options | Exercise Price | Expiry Date   |
|--|---------------------|---------------|-------------------|----------------|---------------|
| Executive officers and past executive officers of the Resulting Issuer   | 2                   | Nov 17, 2019  | 195,327           | \$0.285        | Nov 17, 2024  |
|  | 1                   | Sept 30, 2020 | 360,000           | \$0.05         | Sept 30, 2025 |
| Directors and past directors of the Resulting Issuer who are not also executive officers of the Resulting Issuer | 2                   | Nov 17, 2019  | 130,217           | \$0.285        | Nov 17, 2024  |
| Executive officers and past executive officers of all subsidiaries of the Resulting Issuer who are               | Nil                 | Nil           | Nil               | Nil            | Nil           |

|   |          |          |                |          |          |
|---|----------|----------|----------------|----------|----------|
| not also directors or executive officers of the Resulting Issuer  |          |          |                |          |          |
| 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 employees of the Resulting Issuer  | Nil      | Nil      | Nil            | Nil      | Nil      |
| 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 authorized share capital of the Resulting Issuer consists of an unlimited number of Resulting Issuer Shares without par value. Holders of Resulting Issuer Shares are 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.

Holder of Resulting Issuer Shares are 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.

## **10.2 – 10.4**

The only securities being listed are the Resulting Issuer Shares.

## **10.5 – 10.6 Other attributes**

All of the material provisions relating to the Resulting Issuer Shares are described above, under Section 10.1.

## **10.7 Prior Sales**

### **Mongoose**

Mongoose issued 100,000 Mongoose Shares on Nov. 28, 2020 in accordance with the Chu Chua Option Agreement. Mongoose has not issued any other Mongoose Shares in the 12 months prior to the date of this Listing Statement, other than (i) the 26,904,000 Mongoose Consolidated Shares issued pursuant to the Share Exchange Agreement and (ii) the 1,747,001 Mongoose Consolidated Shares issued in connection with the Mongoose Private Placement described below.

#### *Mongoose Private Placement*

On October 27, 2021, Mongoose completed the Mongoose Private Placement. The Mongoose Private Placement consisted of the sale of 1,747,001 Mongoose Subscription Receipts at a price of \$0.30 per Mongoose Subscription Receipt for gross proceeds of \$524,100.30.

Each Mongoose Subscription Receipt issued in connection with the Mongoose Private Placement was automatically converted immediately prior to the completion of the Transaction, without further payment or action on the part of the holder, into one Mongoose FT Share.

The gross proceeds of the Mongoose Private Placement were held in escrow by the Subscription Receipt Agent in accordance with the Mongoose Subscription Receipt Agreement and were released to Mongoose on November 10, 2021, upon the satisfaction of the Escrow Release Conditions.

### **Spark**

#### *Settlement of RSUs*

On December 31, 2020, Spark issued 2,000,000 Spark Shares as settlement of 2,000,000 restricted shares units that were previously granted to two individuals for past services rendered, at a deemed settlement price of \$0.20 per Spark Share.

#### *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 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 until December 30, 2023. The Spark FT Shares and Spark FT Warrants were subsequently exchanged for 2,500,000 Resulting Issuer Shares and 2,500,000 Resulting Issuer 2020 Warrants in accordance with the terms of the Share Exchange Agreement.

### *Spark Private Placement*

On October 27, 2021, Spark completed the Spark Private Placement. The Spark Private Placement consisted of the sale of 1,904,000 Spark Subscription Receipts at a price of \$0.25 per Spark Subscription Receipt for gross proceeds of \$476,000.

Each Spark Subscription Receipt issued in connection with the Spark Private Placement was automatically converted immediately prior to the completion of the Transaction, without further payment or action on the part of the holder, into one Spark Share. The Spark Shares were subsequently exchanged for Resulting Issuer Shares in accordance with the terms of the Share Exchange Agreement.

The gross proceeds of the Spark Private Placement were held in escrow by the Subscription Receipt Agent in accordance with the Spark Subscription Receipt Agreement and were released to Spark on November 10, 2021, upon the satisfaction of the Escrow Release Conditions.

### *Finder Fee*

On November 10, 2021, Spark issued 500,000 Spark Shares as consideration for finders fees payable in connection with the Transaction.

## **10.8 Stock Exchange Price**

The Mongoose Shares currently trade on the Exchange.

| <b>Month or Quarter</b>                                    | <b>Minimum Closing Price<sup>(2)</sup></b> | <b>Maximum Closing Price<sup>(2)</sup></b> | <b>Volume</b> |
|--|--|--|---------------|
| April – June 2021 <sup>(1)</sup>                           | --   | --   | Nil           |
| 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<br>– December 31,<br>2019 <sup>(3)</sup> | \$0.12                                     | \$0.15                                     | 491,057       |

#### **Notes:**

- Trading of the Mongoose Shares was halted upon the announcement of the Share Exchange Agreement in accordance with the Exchange's policies on March 16, 2021.
- The "Minimum Closing Price" and the "Maximum Closing Price" mean, respectively, the lowest closing price during the period indicated and the greatest closing price during the period indicated.

3. The Mongoose Shares were listed on the Exchange on November 27, 2019.

## 11. ESCROWED SECURITIES

### Mongoose Escrow

Mongoose is subject to an escrow agreement dated June 11, 2019 between Mongoose, Olympia Trust Company, as escrow agent, and certain holders of Mongoose Shares, entered into in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings*. The escrow was entered into in relation to the initial public offering of Mongoose. As at the date of this Listing Statement, 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 | 45,000                             | 15,789  |
| Chris Allchorne  | 135,000                            | 47,368  |
| Kelly McDonald   | 180,000                            | 63,157  |
| Arif Shivji      | 180,000                            | 63,157  |
| <b>TOTAL</b>     | <b>540,000</b>                     | <b>189,471</b>  |

The escrow agreement provides that 10% of the escrowed securities will be released from escrow upon the date the Mongoose Shares commenced trading on the Exchange, 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. The remaining releases will be in the following amounts and on the following dates: 63,157 Resulting Issuer Shares on November 27, 2021, 63,157 Resulting Issuer Shares on May 27, 2022, and 63,157 Resulting Issuer Shares on November 27, 2022.

### Resulting Issuer Escrow

Pursuant to the Escrow Agreement dated as of the Closing Date, entered into in accordance with National Policy 46-201 – *Escrow for Initial Public Offerings*, all Resulting Issuer Shares which are owned or controlled by Related Persons (as such term is defined in the Exchange's policies) have been escrowed, unless the shares held by the Related Person or issuable to the Related Person upon conversion of convertible securities held by the Related Person, represent less than 1% of the total issued and outstanding shares of the Resulting Issuer after giving effect to the exercise of convertible securities. The following table shows the securities of the Resulting Issuer that are subject to the Escrow Agreement:

| Name    | Number of Escrowed Resulting Issuer Shares |
|---------|--|
| 21Alpha | 6,993,007                                  |

|                               |                      |
|-------------------------------|----------------------|
| Technology Metals             | 13,006,993           |
| Terence Coughlan <sup>1</sup> | 930,000 <sup>2</sup> |
| Matthew Allas                 | 1,000,000            |
| <b>TOTAL</b>                  | <b>21,930,000</b>    |

Notes: 1. Terence Coughlan also holds, directly or indirectly, 360,000 Resulting Issuer Options and 250,000 Resulting Issuer 2020 Warrants. These securities are also subject to the Escrow Agreement.

2. 680,000 of the escrowed Resulting Issuer Shares are held by a company controlled by Mr. Coughlan and were acquired pursuant to the Mongoose Private Placement.

The Resulting Issuer is classified as an “emerging issuer” under NP 46-201. Based on the Resulting Issuer being an “emerging issuer”, the escrowed Resulting Issuer Shares, Resulting Issuer Options and Resulting Issuer 2020 Warrants (held by Mr. Coughlan) are subject to a three-year escrow and to the release schedule applicable to an “emerging issuer”.

Pursuant to the Escrow Agreement, 10% of the escrowed Resulting Issuer Shares, Resulting Issuer Options, and Resulting Issuer 2020 Warrants (held by Mr. Coughlan) 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.

## 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 <sup>(1)</sup>           | 6,993,007                         | 21.9% / 19.8%                             |
| Technology Metals <sup>(2)</sup> | 13,006,993                        | 40.7% / 36.9%                             |

### Notes:

- (1) The principal shareholders of 21Alpha are John Shurko and Jimmy Gravel, each of which owns 50% of the outstanding shares of 21Alpha.
- (2) The sole shareholder of Technology Metals is Canadian Manganese Company Inc., an unlisted reporting issuer. Peter Steele, is the only shareholder of Canadian Manganese Company Inc. that controls more than 10% of the outstanding shares of that entity. Mr. Steele indirectly controls 18.2% (16.5% on a fully-diluted basis) of the outstanding shares of Canadian Manganese Company Inc.

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 consist of the individuals set out in the table below:



| <b>Name,<br/>municipality of<br/>residence and<br/>position with the<br/>Resulting Issuer</b>     | <b>Principal<br/>occupation<br/>during past five<br/>years</b>  | <b>Director or<br/>Officer of<br/>Spark/Mongoose<br/>since:</b> | <b>Number of<br/>Resulting<br/>Issuer Shares<br/>beneficially<br/>owned, directly<br/>or indirectly, or<br/>controlled or<br/>directed at<br/>present:</b> | <b>Percentage<br/>of Resulting<br/>Issuer<br/>Shares<br/>(undiluted)<sup>(1)</sup>:</b> |
|---|---|---|--|---|
| Matthew Allas<br>Chairman and<br>Director<br><i>Toronto, Ontario</i>                              | President and<br>CEO of Canadian<br>Manganese<br>Company Inc.;<br>CEO of<br>Technology<br>Metals;<br>Investment<br>Banker | Director of Spark<br>since July 30,<br>2019                     | 1,000,000  | 3.1%  |
| Terence<br>Coughlan<br>President, CEO<br>and Director,<br><i>Dartmouth, Nova<br/>Scotia</i>       | Senior mining<br>executive;<br>Chairman of<br>GoGold<br>Resources Inc.;<br>Geological<br>consultant                       | Appointed in<br>connection with<br>the Transaction              | 930,000  | 2.9%  |
| Steve Cummings<br>CFO, Corporate<br>Secretary, and<br>Director<br><i>Bedford, Nova<br/>Scotia</i> | Founder of<br>Cambridge<br>Financial<br>Services  | Appointed in<br>connection with<br>the Transaction              | Nil  | Nil   |
| John Allan<br>Director,<br><i>St. John's,<br/>Newfoundland &amp;<br/>Labrador</i>                 | Independent<br>Businessman  | Appointed in<br>connection with<br>the Transaction              | Nil  | Nil   |
| John van<br>Driesum<br>Director,<br><i>Victoria, British<br/>Columbia</i>                         | Consultant  | January 16, 2019  | 35,088   | 0.11%   |
| Gerasimos<br>(Gerry)<br>Sklavounos Jr.  | Consultant  | Appointed in<br>connection with<br>the Transaction              | Nil  | Nil   |

|                                      |  |  |  |  |
|--------------------------------------|--|--|--|--|
| Director,<br><i>Montreal, Québec</i> |  |  |  |  |
|--------------------------------------|--|--|--|--|

**Notes:**

(1) Based on 31,950,299 Resulting Issuer Shares issued and outstanding.

**13.2 Period of Service of Directors**

Each of the directors and officers were appointed on the closing of the Transaction, except for Matthew Allas and John van Driesum. 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 Listing Statement, the directors and executive officers of the Resulting Issuer, beneficially own, directly or indirectly, or over which control or direction is exercised, as a group, 1,965,088 Resulting Issuer Shares, representing approximately 4.0% of all outstanding voting securities of the Resulting Issuer on a non-dilutive basis.

**13.4 Committees**

The Resulting Issuer has two board committees as follows:

*Audit Committee*

The Audit Committee is comprised of John Allan (Chairman), Matthew Allas and John van Driesum.

*Compensation Committee*

The Compensation Committee is comprised of John van Driesum (Chairman), John Allan and Matthew Allas.

**13.5 Principal Occupation of Directors and Officers**

Other than Matthew Allas, Terence Coughlan, and Steven Cummings, as outlined below under *Section 13.10 – Conflict of Interest*, no director or officer of the Resulting Issuer acts as a director or officer of a company that is a reporting issuer.

**13.6 Orders, Events and Bankruptcies**

Other than as disclosed below, no director or officer of the Resulting Issuer or a shareholder that holds 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 Listing Statement 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 Ontario securities law, for a period of more than 30 consecutive days;

- b) was subject to an event that resulted, after the director or executive officer ceased 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;
- c) 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; or
- d) 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.

Mr. John van Driesum was subject to a management cease trade order dated January 29, 2013 and a general cease trade order dated April 4, 2013, each issued by the British Columbia Securities Commission in respect of the failure by GWR Resources Inc. to file financial statements and the associated management's discussion and analysis for the year ended September 30, 2012. The cease trade order was revoked on June 11, 2013 by way of a revocation order issued by the British Columbia Securities Commission on June 11, 2013 following the filing of the financial statements and the associated management's discussion and analysis for the year ended September 30, 2012.

### **13.7 Penalties or Sanctions**

No director or officer of the Resulting Issuer, or a shareholder that holds 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**

No director or officer of the Resulting Issuer, or any shareholder holding a sufficient amount of securities of the Resulting Issuer to materially affect control of the Resulting Issuer, has entered into a settlement agreement with a securities regulatory authority.

### **13.9 Personal Bankruptcies**

No director or officer of the Resulting Issuer or a shareholder that holds 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 Listing Statement, 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 directors of the Resulting Issuer are 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 or a subsidiary. 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 the Resulting Issuer's knowledge, there are no known existing or potential conflicts of interest among the Resulting Issuer or its subsidiary, and the directors, executive officers or other members of management of the Resulting Issuer or its subsidiary as a result of their outside business interests except that certain 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 or its subsidiary, 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>                       |
|-------------------------|--|
| Matthew Allas           | Canadian Manganese Company Inc.                      |
| Terence Coughlan        | Sassy Resources Corporation<br>GoGold Resources Inc. |
| Steven Cummings         | MedMira Inc.   |

### 13.11 Management Biographies

The following are brief biographies of the officers and directors of the Resulting Issuer:

#### **Terence Coughlan – Age 60 – 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. GoGold Resources Inc. is a Canadian-based gold and silver producer with properties in Mexico. Mr. Coughlan is currently a director of Sassy Resources Corporation, an exploration stage resource company currently engaged in the identification, acquisition and exploration of high-grade precious metal and base metal projects in North America.

Mr. Coughlan 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*.

In his capacity as the Chief Executive Officer and President of the Resulting Issuer, Mr. Coughlan is responsible for the overall direction, business development and capital raising efforts of the Resulting Issuer. Mr. Coughlan will devote 70% of his available time to act in his capacity as a director, Chief Executive Officer and President of the Resulting Issuer. Mr. Coughlan is an employee of the Resulting Issuer.

Mr. Coughlan is an employee of the Resulting Issuer with respect to his roles as CEO and President. There is no agreement with Mr. Coughlan in his capacity as CEO and/or President. However, an entity controlled by Mr. Coughlan, 2501023 NS Ltd., entered into a geological consulting agreement with the Resulting Issuer. The geological consulting agreement clarifies that Mr. Coughlan will only provide general executive management and consulting services as are normally expected of a president and CEO of an issuer, and that his duties in such capacity do not include the provision of geological management and consulting services. The agreement stipulates that 2501023 NS Ltd. shall provide geological management and consulting services to the Resulting Issuer as an independent contractor for a monthly fee of \$6,000 plus GST. The monthly fee is to be reviewed annually by the Resulting Issuer Board and may be amended by mutual agreement between the parties. The agreement will automatically renew for successive one year terms unless and until it is terminated in accordance with the terms of the agreement.

Mr. Coughlan has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

#### **Matthew Allas – Age 41 – *Chairman and Director***

Mr. Allas was the President and Chief Executive Officer of Technology Metals from 2018 to April 2021 and following a business combination pursuant to which Technology Metals became a wholly-owned subsidiary of Canadian Manganese Company Inc., Mr. Allas became the President and Chief Executive Officer of Canadian Manganese Company Inc., a reporting issuer that is engaged in the exploration and development of its property to produce speciality manganese metals.

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.

In his capacity as the Chairman of the Resulting Issuer, Mr. Allas is responsible for leading the Resulting Issuer Board and presiding over its meetings. Mr. Allas will devote 20% of his available time to act in his capacity as a director and Chairman of the Resulting issuer. Mr. Allas is neither an employee, nor a contractor of the Resulting Issuer. Mr. Allas has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

#### **Steve Cummings – Age 58 – *CFO, Corporate Secretary, 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. 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. Mr. Cummings is currently a director of Medmira Inc. 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.

In his capacity as the Chief Financial Officer and Corporate Secretary of the Resulting Issuer, Mr. Cummings is responsible for the financial affairs of the Resulting Issuer and brings extensive experience in dealing with financial matters and corporate strategy. Mr. Cummings will devote 20% of his available time to act in his capacity as a director, Chief Financial Officer and Corporate Secretary of the Resulting Issuer. Mr. Cummings is a contractor of the Resulting Issuer. Mr. Cummings has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

#### **John Allan – Age 61 – Director**

Mr. Allan has been the President of John D. Allan Limited, providing consulting services and with interest in commercial real estate, printing, promotional products and personal protective equipment, since 1965. 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. Mr. Allan does not hold any post-secondary degrees.

Mr. Allan will not work fulltime for the Resulting Issuer; however, he will devote such time as is required to effectively satisfy his duties as director of the Resulting Issuer. Mr. Allan anticipates devoting approximately 10% of his available time to the affairs of the Resulting Issuer in his capacity as a director. Mr. Allan is neither an employee, nor a contractor of the Resulting Issuer. Mr. Allan has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

#### **John van Driesum – Age 63 – Director**

Mr. van Driesum holds a B.A. from University of British Columbia and an LLB from University of Victoria, 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. Mr. van Driesum is currently the President and primary consultant with W3 Consulting Ltd., providing consulting services related to worker's compensation, and has been in that position since 2013. W3 Consulting is not an affiliate of the Resulting Issuer.

Mr. van Driesum will not work fulltime for the Resulting Issuer; however, he will devote such time as is required to effectively satisfy his duties as director of the Resulting Issuer. Mr. van Driesum anticipates devoting approximately 10% of his available time to the affairs of the Resulting Issuer in his capacity as a director. Mr. van Driesum is neither an employee, nor a contractor of the Resulting Issuer. Mr. van Driesum has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

## **Gerasimos (Gerry) Sklavounos, Jr. – Age 46 – Director**

Mr. Sklavounos is an international business consultant, attorney and former four-term parliamentarian based in Montreal, Canada. Since 2018, Mr. Sklavounos' principal occupation has been as a consultant and founder of Hygaemon Strategy Corp., which provides strategic counsel in public affairs, strategic communications, geopolitics, and international business development to select Canadian as well as international clients. 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, Mr. Sklavounos has developed and continues to cultivate an extensive public affairs and business network.

Mr. Sklavounos 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.

Mr. Sklavounos will not work fulltime for the Resulting Issuer; however, he will devote such time as is required to effectively satisfy his duties as director of the Resulting Issuer. Mr. Sklavounos anticipates devoting approximately 10% of his available time to the affairs of the Resulting Issuer in his capacity as a director. Mr. Sklavounos is neither an employee, nor a contractor of the Resulting Issuer. Mr. Sklavounos has not entered into a non-competition nor a non-disclosure agreement with the Resulting Issuer.

## **14. CAPITALIZATION**

### **14.1 Common Shares**

The following table provides information with respect to the Resulting Issuer Shares after giving effect to the Spark Private Placement, the Mongoose 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) | 31,950,299                                | 35,238,580                                  | 100                              | 100                                |

|  | Number of<br>Securities (non-<br>diluted) | Number of<br>Securities<br>(fully-<br>diluted) | % of Issued<br>(non-diluted) | % of Issued (fully<br>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) | 21,965,088                                | 22,575,088                                     | 68.7                         | 64.0                           |
| Total Public Float (A-B)   | 9,985,211                                 | 12,663,492                                     | 31.3                         | 36.0                           |

#### Freely-Tradeable Float

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)

|                             |            |            |      |      |
|-----------------------------|------------|------------|------|------|
|                             | 23,866,472 | 23,607,001 | 72.0 | 67.0 |
| Total Tradeable Float (A-C) | 8,083,827  | 11,631,579 | 28.0 | 33.0 |

#### Public Securityholders (Registered)

The following table provides information current as of the date of this Listing Statement (on a pre-Mongoose Consolidation basis).

#### **Class of Security**

| Size of Holding      | Number of holders | Total number of securities |
|----------------------|-------------------|----------------------------|
| 1 – 99 securities    | Nil               | Nil                        |
| 100 – 499 securities | Nil               | Nil                        |
| 500 – 999 securities | Nil               | Nil                        |



| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
|--------------------------|--------------------------|-----------------------------------|
| 1,000 – 1,999 securities | Nil                      | Nil                               |
| 2,000 – 2,999 securities | Nil                      | Nil                               |
| 3,000 – 3,999 securities | Nil                      | Nil                               |
| 4,000 – 4,999 securities | Nil                      | Nil                               |
| 5,000 or more securities | 30                       | 20,494,853                        |
|                          | <u>30</u>                | <u>20,494,853</u>                 |

Public Securityholders (Beneficial)

The following tables provides information current as of the date of this Listing Statement on a pre-Consolidation basis.

**Class of Security**

| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
|--------------------------|--------------------------|-----------------------------------|
| 1 – 99 securities        | 1                        | 52                                |
| 100 – 499 securities     | 3                        | 810                               |
| 500 – 999 securities     | Nil                      | Nil                               |
| 1,000 – 1,999 securities | 9                        | 9,000                             |
| 2,000 – 2,999 securities | 3                        | 6,000                             |
| 3,000 – 3,999 securities | 1                        | 3,000                             |
| 4,000 – 4,999 securities | 1                        | 4,000                             |
| 5,000 or more securities | 138                      | 7,880,586                         |

| <b>Size of Holding</b> | <b>Number of holders</b> | <b>Total number of securities</b> |
|------------------------|--------------------------|-----------------------------------|
| Unable to confirm      | N/A                      | 59,552                            |
|                        | 156                      | 7,963,000                         |

Non-Public Securityholders (Registered)

**Class of Security**

| <b>Size of Holding</b>   | <b>Number of holders</b> | <b>Total number of securities</b> |
|--------------------------|--------------------------|-----------------------------------|
| 1 – 99 securities        | Nil                      | Nil                               |
| 100 – 499 securities     | Nil                      | Nil                               |
| 500 – 999 securities     | Nil                      | Nil                               |
| 1,000 – 1,999 securities | Nil                      | Nil                               |
| 2,000 – 2,999 securities | Nil                      | Nil                               |
| 3,000 – 3,999 securities | Nil                      | Nil                               |
| 4,000 – 4,999 securities | Nil                      | Nil                               |
| 5,000 or more securities | 5                        | 62,600,500                        |
|                          | 5                        | 62,600,500                        |

The Resulting Issuer has at least 173 public shareholders holding at least one board lot (being 500 Mongoose Consolidated Shares) and the public shareholders hold approximately 31.3% of the outstanding Resulting Issuer Shares. The information in the foregoing tables has been presented on a pre-Mongoose Consolidation basis due to the fact that the post-Mongoose Consolidation share range information was not available from the intermediaries at the time this Listing Statement was prepared. As a result of the foregoing, the Resulting Issuer satisfies the minimum distribution requirements of the Exchange.

## 14.2 Convertible or Exchangeable Securities

As of the date hereof, the Resulting Issuer has the following securities convertible into Resulting Issuer Shares:

| Description of Security (include conversion / exercise terms, including conversion / exercise price) | Number of convertible / exchangeable securities outstanding | Number of listed securities issuable upon conversion / exercise |
|--|---|---|
| Resulting Issuer 2019 Finder Warrants <sup>(1)</sup>   | 102,737   | 102,737   |
| Resulting Issuer 2020 Warrants <sup>(2)</sup>  | 2,500,000   | 2,500,000   |
| Resulting Issuer Options <sup>(3)</sup>  | 685,544   | 685,544   |

**Notes:**

- (1) 102,737 Resulting Issuer 2019 Finder Warrants are exercisable into one Resulting Issuer Share each at a price of \$0.285 per share until November 27, 2021.
- (2) 2,500,000 Resulting Issuer 2020 Warrants are exercisable into one Resulting Issuer Share each at a price of \$0.25 per share until December 31, 2023.
- (3) 325,544 Resulting Issuer Options were granted on November 17, 2019 and are exercisable into Resulting Issuer Shares at a price of \$0.285 per share until November 17, 2024. A further 360,000 Resulting Issuer Options were granted on September 30, 2020 which are exercisable into Resulting Issuer Shares at a price of \$0.05 per share until September 30, 2025. Please see "Section 9 – Options to Purchase Securities" for details regarding the exercise price and expiry date of the Resulting Issuer Options.

## 14.3 Other Listed Securities Reserved for Issuance

This section is not applicable to the Resulting Issuer.

## 15. EXECUTIVE COMPENSATION

### 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, Corporate Secretary, and Director.

## 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><br>CEO | 2021 | 30,000  | Nil                       | Nil                            | 72,000 <sup>(2)</sup>       | 102,000                 |
| <i>Steve Cummings</i><br>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 Resulting Issuer Board.
- (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.

## Compensation Discussion and Analysis

The Resulting Issuer's Compensation Committee is responsible for determining compensation for the Resulting Issuer's officers and directors. The Compensation Committee is comprised of John van Driesum (Chairman), John Allan and Matthew Allas.

When determining compensation policies and individual compensation levels for the Resulting Issuer's officers, a variety of factors, will be considered including: the overall financial and operating performance of the Resulting Issuer, each officer's individual performance and contribution towards meeting corporate objectives; each officer's level of responsibility and length of service; and industry comparables.

The Resulting Issuer's compensation philosophy for its officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with its peer group of mining companies, which are of similar size and scope of operations, so as to attract and retain talented executives; and to align the interests of its officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs. The Resulting Issuer's peer group in connection with salary compensation consists of sampling of other similar sized mining companies both private and those that are reporting issuers (or the equivalent) in Canada.

The Resulting Issuer's executive compensation will consist of an annual base salary and long-term incentives in the form of Resulting Issuer Options. There may also be a bonus paid to officers at the discretion of the Resulting Issuer Board, although the Resulting Issuer does not currently anticipate a bonus for the 12-month period following the Transaction. The Resulting Issuer director compensation will consist of long-term incentives in the form of Resulting Issuer Options and may also be comprised of annual fees for attending meetings of the Resulting Issuer Board.

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 officers and directors, and to align the interests of those individuals with those of the Resulting Issuer Shareholders. The granting of Resulting Issuer Options 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.

#### *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 Resulting Issuer 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 entered 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 compensation will be comprised of short-term compensation in the form of a base salary (in the case of executive officers) and long-term ownership through the granting of Resulting Issuer Options and the ownership of Resulting Issuer Shares. Although it is not anticipated that a bonus will be paid for the 12 month period following the closing of the Transaction, this remains subject to the discretion of the Resulting Issuer Board. Director compensation may be comprised of annual fees for attending meetings of the Resulting Issuer Board or for acting as chairs of committees of the Resulting Issuer Board, in addition to granting of Resulting Issuer Options at the discretion of the Resulting Issuer Board.

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 Resulting Issuer will agree to indemnify its directors to the extent permitted by law.

## ***Termination and Change of Control Benefits***

The Resulting Issuer is not party to any compensation plan or arrangement with NEOs or directors of the Resulting Issuer which require payments upon the resignation or the termination of employment of such person.

### **16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Resulting Issuer, a proposed nominee for election as a director of the Resulting Issuer, and each associate of any such director, executive officer or proposed nominee, (a) is, or at any time since the beginning of the most recently completed financial year of the Resulting Issuer has been, indebted to the Resulting Issuer or any of its subsidiaries, or (b) has or had indebtedness to another entity at any time since the beginning of the most recently completed financial year which is or was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer or any of its subsidiaries.

### **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 Listing Statement. These risks and uncertainties are not the only ones the Resulting Issuer is facing. Additional risk and uncertainties not presently known to the Resulting Issuer, or that management currently deems immaterial, may also impair the Resulting Issuer's operations. If any such risks actually occur, the business, financial condition, liquidity and results of the Resulting Issuer's operations could be materially adversely affected.

**An investment in the Resulting Issuer Shares, as well as the Resulting Issuer's prospects, are highly speculative due to the high risk nature of its business and the present stage of its operations. The Resulting Issuer Shareholders may lose their entire investment. Investors should not invest any funds in the Resulting Issuer unless they can afford to lose their entire investment.**

#### **Property Interests**

The Resulting Issuer has rights to the mineral rights pertaining to the Property and holds exploration licences to explore the Property. There is no guarantee the Resulting Issuer will be able to raise sufficient funding in the future to continue exploring and to develop the Property so as to maintain its interests therein. If the Resulting Issuer loses or abandons its interest in the 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 Resulting Issuer, whether by way of option or otherwise, should the Resulting Issuer wish to acquire any additional properties. There is no guarantee that title to the Property will not be challenged or impugned. The Resulting Issuer'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 Resulting Issuer'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 Resulting Issuer can give no assurance as to the validity of title of the Resulting Issuer to those lands or the size of such mineral lands.

#### *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 the 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 Resulting 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 Listing Statement 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.

#### 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, and in compliance with applicable corporate and securities laws, 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 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 is an early-stage exploration and development issuer and has 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 is 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 Resulting 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 Resulting 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 Resulting 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 Resulting 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 Resulting Issuer's business and activities, and may expose the Resulting 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**

Terence Coughlan is a promoter of the Resulting Issuer. Mr. Coughlan has ownership and control of 250,000 Resulting Issuer Shares, representing approximately 0.77% of the issued and outstanding Resulting Issuer Shares as of the date of this Listing Statement. Mr. Coughlan also holds 250,000 Resulting Issuer 2020 Warrants and 360,000 Resulting Issuer Options. Mr. Coughlan does not beneficially own, directly or indirectly, or exercise control over, any voting or equity securities in any subsidiaries of the Resulting Issuer. Mr. Coughlan serves as the Chief Executive Officer of the Resulting Issuer. 2501023 NS Ltd., a company controlled by Mr. Coughlan, has entered into a geological consulting agreement to provide technical work services to the Resulting Issuer for a fee to Mr. Coughlan of \$6,000 per month.

Matthew Allas is also a promoter of the Resulting Issuer. Mr. Allas has ownership and control of 1,000,000 Resulting Issuer Shares, representing approximately 3.1% of the issued and outstanding Resulting Issuer Shares as of the date of this Listing Statement. Mr. Allas does not beneficially own, directly or indirectly, or exercise control over, any voting or equity securities in any subsidiaries of the Resulting Issuer.

No asset was acquired within the two years before the date of the Listing Statement or thereafter, or is to be acquired, by the Resulting Issuer or by a subsidiary of the Resulting Issuer from Mr. Coughlan or Mr. Allas.

For further information regarding Mr. Coughlan and Mr. Allas, please refer to Section 13 – *Directors and Officers* and Section 15 – *Executive Compensation*.

## **19. LEGAL PROCEEDINGS**

### **19.1 Legal Proceedings**

There are no legal proceedings material to the Resulting Issuer, to which the Resulting Issuer, or a subsidiary of the Resulting Issuer is a party or of which any of its property is the subject matter and no such proceedings are known to the Resulting Issuer to be contemplated.

### **19.2 Regulatory actions**

- (a) There have been no penalties or sanctions imposed against the Resulting Issuer, Mongoose 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 Resulting Issuer, Mongoose 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 Resulting Issuer, Mongoose 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, including with respect to the Licence Purchase Agreement, the NSR Royalty Agreement, and the Chu Chua Option Agreement, no director or executive officer of the Resulting Issuer or any person or company that is the direct or indirect beneficial owner 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 or had any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or will have any material interest, direct or indirect, 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 Resulting Issuer is MNP LLP, through its offices at 1500, 640-5th Avenue SW, Calgary, AB, T2P 3G4.

### **21.2 Transfer Agent and Registrar**

The Resulting Issuer's registrar and transfer agent is Odyssey Trust Company, 323 – 409 Granville Street, Vancouver, BC, V6C 1T2.

## **22. MATERIAL CONTRACTS**

### Mongoose Material Contracts

Except for contracts entered into by Mongoose in the ordinary course of business, the only material contracts entered into by Mongoose in the previous two years are the following:

- (1) The Share Exchange Agreement dated March 17, 2021 between Mongoose, Spark, and the Spark Shareholders, referred to herein as the Share Exchange Agreement and described under *Section 3 – General Development of the Business – General Development of Spark Prior to the Transaction – The Transaction*.
- (2) The Mongoose Subscription Receipt Agreement dated October 27, 2021 between the Subscription Receipt Agent and Mongoose governing the Mongoose Subscription Receipts described under *Section 10 – Description of the Securities – Prior Sales – Mongoose – Mongoose Private Placement*.

### 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 Share Exchange Agreement dated March 17, 2021 between Mongoose, Spark, and the Spark Shareholders, referred to herein as the Share Exchange Agreement and described under *Section 3 – General Development of the Business – General Development of Spark Prior to the Transaction*; and
- (2) The Spark Subscription Receipt Agreement dated October 27, 2021 between the Subscription Receipt Agent and Spark governing the Spark Subscription Receipts described under *Section 10 – Description of the Securities – Prior Sales – Spark – Spark Private Placement*.
- (3) The NSR Royalty Agreement.
- (4) Licence Purchase Agreement.

## **23. INTEREST OF EXPERTS**

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing

Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Resulting Issuer or of a Related Person of the Resulting Issuer and no such person referred to above and no director, officer, or employee of a person or company referred to above is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person or company is a promoter of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer.

#### **24. OTHER MATERIAL FACTS**

There are no material facts about the Resulting Issuer, Spark, or Mongoose, and the Resulting Issuer's securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Resulting Issuer and its securities.

#### **25. FINANCIAL STATEMENTS**

Schedule "A" contains the audited financial statements of Mongoose for the year ended December 31, 2020, and as at and for the period from the date of incorporation on January 16, 2019 to December 31, 2019.

Schedule "B" contains the unaudited interim financial statements of Mongoose for the six-month period ended June 30, 2021.

Schedule "C" contains the audited financial statements of Spark for the financial periods ended December 31, 2020 and December 31, 2019.

Schedule "D" contains the unaudited interim financial statements of Spark for the six-month period ended June 30, 2021.

Schedule "E" contains Mongoose Management's Discussion and Analysis for the year ended December 31, 2020 and for the six month period ended June 30, 2021.

Schedule "F" contains Spark Management's Discussion and Analysis for the year ended December 31, 2020 and for the six month period ended June 30, 2021.

Schedule "G" contains the unaudited pro forma financial statements of the Resulting Issuer as at June 30, 2021.

**SCHEDULE "A"**  
**MONGOOSE ANNUAL 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,<br>2020 | December 31,<br>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<br/>December 31,<br/>2020</b> | Period from<br>Incorporation on<br>January 16, 2019<br>to December 31,<br>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<br>Capital  | Contributed<br>Surplus | Warrants         | Deficit             | Total<br>Shareholders'<br>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<br/>December 31,<br/>2020</b> | Period from<br>incorporation on<br>January 16, 2019<br>to December 31,<br>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 \$1,000,000 at any time prior to the commencement of commercial production.

**5. Share Capital**

- a) Authorized  
Unlimited common shares
- b) Issued

|  | Number           | Stated Value      |
|--|------------------|-------------------|
| Issuance of common shares at \$0.05 each (i) | 6,000,000        | \$ 300,000        |
| Initial public offering (ii)                 | 3,178,000        | 203,462           |
| Shares issued for ChuChua Property (note 4)  | 100,000          | 10,000            |
| Balance, December 31, 2019                   | 9,278,000        | \$ 513,462        |
| 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<br>Options | Weighted Average<br>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<br>Options | Weighted Average<br>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<br>December 31,<br>2020 | Period from<br>incorporation on<br>January 16, 2019 to<br>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,<br>2020 | Recognized in<br>income | Balance,<br>December 31,<br>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,<br>January 16,<br>2019 | Recognized<br>in income | Items not<br>recognized in<br>income | Balance,<br>December 31,<br>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"**  
**MONGOOSE INTERIM FINANCIAL STATEMENTS**



**MONGOOSE**  
MINING LTD

**Condensed Interim Financial Statements**

**For the three and six month periods ended June 30, 2021  
(In Canadian Dollars)  
(unaudited)**

**Mongoose Mining Ltd.**  
**Condensed Interim Statements of Financial Position**  
(amounts in Canadian dollars)  
(unaudited)

|   | <b>June 30,<br/>2021</b><br>(unaudited) | December 31,<br>2020<br>(audited) |
|---|---|-----------------------------------|
| <b>Assets</b>                                     |   |                                   |
| Current Assets                                    |   |                                   |
| Cash  | \$ 274,886                              | \$ 331,510                        |
| Sales tax recoverable                             | 4,789                                   | 1,880                             |
| Prepays and deposits                              | 5,000                                   | 1,071                             |
| <b>Total Current Assets</b>                       | <b>284,675</b>                          | 334,461                           |
| Exploration and evaluation asset (note 3)         | 49,380                                  | 49,380                            |
| <b>Total Assets</b>                               | <b>\$ 334,055</b>                       | \$ 383,841                        |
| <b>Liabilities</b>                                |   |                                   |
| Current Liabilities                               |   |                                   |
| Accounts payable and accrued liabilities          | \$ 20,676                               | \$ 23,833                         |
| <b>Total Liabilities</b>                          | <b>20,676</b>                           | 23,833                            |
| <b>Shareholders' Equity</b>                       |   |                                   |
| Share capital (note 4)                            | 522,762                                 | 522,762                           |
| Contributed surplus                               | 84,000                                  | 84,000                            |
| Warrants (note 6)                                 | 21,200                                  | 21,200                            |
| Deficit   | (314,583)                               | (267,954)                         |
| <b>Total Shareholders' Equity</b>                 | <b>313,379</b>                          | 360,008                           |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>\$ 334,055</b>                       | \$ 383,841                        |

*Nature of operations (note 1)*  
*Commitments (note 3)*  
*Subsequent events (note 9)*

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*

**Approved by the Board:**

*signed "Kelly McDonald"*

\_\_\_\_\_  
Director

*signed "Arif Shivji"*

\_\_\_\_\_  
Director

**Mongoose Mining Ltd.**  
**Condensed Interim Statement of Loss and Comprehensive Loss**  
(amounts in Canadian dollars)  
(unaudited)

|  | <b>Three Months<br/>Ended<br/>June 30, 2021</b> | Three Months<br>Ended June<br>30, 2020 | <b>Six Months<br/>Ended<br/>June 30, 2021</b> | <b>Six Months<br/>Ended<br/>June 30, 2020</b> |
|--|---|--|---|---|
| <b>Expenses</b>                        |   |  |   |   |
| Professional fees                      | \$ 18,410                                       | \$ 1,084                               | \$ 25,997                                     | \$ 4,433                                      |
| Office and administrative              | 550   | 1,540                                  | 4,004   | 2,910   |
| Insurance                              | 1,820   | 1,454                                  | 3,371   | 2,851   |
| Listing fees                           | 12,599  | -                                      | 13,257  | 9,370   |
| <b>Total Expenses</b>                  | <b>33,379</b>                                   | 10,968                                 | <b>46,629</b>                                 | 19,564  |
| <b>Net Loss and Comprehensive Loss</b> | <b>\$ (33,379)</b>                              | \$ (10,968)                            | <b>\$ (46,629)</b>                            | \$ (19,564)                                   |

|   |                  |           |                  |           |
|---|------------------|-----------|------------------|-----------|
| Weighted average number of common shares outstanding (note 4) | <b>9,403,000</b> | 6,000,000 | <b>9,403,000</b> | 6,000,000 |
| – basic & diluted   |                  |           |                  |           |
| Loss per share  |                  |           |                  |           |
| – basic & diluted   | <b>\$ (0.00)</b> | \$ (0.00) | <b>\$ (0.00)</b> | \$ (0.00) |

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*

**Mongoose Mining Ltd.**  
**Condensed Interim Statement of Changes in Shareholders' Equity**  
**For the three and six month periods ended June 30, 2021**  
(amounts in Canadian dollars)  
(unaudited)

|  | Share<br>Capital  | Contributed<br>Surplus | Warrants         | Deficit             | Total<br>Shareholders'<br>Equity |
|--|-------------------|------------------------|------------------|---------------------|----------------------------------|
| <b>Balance, January 1, 2021</b>        | <b>\$ 522,762</b> | <b>\$ 84,000</b>       | <b>\$ 21,200</b> | <b>\$ (267,954)</b> | <b>\$ 360,008</b>                |
| <b>Net loss and comprehensive loss</b> | -                 | -                      | -                | <b>(46,629)</b>     | <b>(46,629)</b>                  |
| <b>Balance, June 30, 2021</b>          | <b>\$ 522,762</b> | <b>\$ 84,000</b>       | <b>\$ 21,200</b> | <b>\$ (314,583)</b> | <b>\$ 313,379</b>                |

|                                 | Share<br>Capital | Contributed<br>Surplus | Warrants  | Deficit      | Total<br>Shareholders'<br>Equity |
|---------------------------------|------------------|------------------------|-----------|--------------|----------------------------------|
| Balance, January 1, 2020        | \$ 513,462       | \$ 84,000              | \$ 23,000 | \$ (203,616) | \$ 416,846                       |
| Exercise of broker warrants     | 4,300            | -                      | (1,800)   | -            | 2,500                            |
| Net loss and comprehensive loss | -                | -                      | -         | (19,564)     | (19,564)                         |
| Balance, June 30, 2020          | \$ 517,762       | \$ 84,000              | \$ 21,200 | \$ (223,180) | \$ 399,782                       |

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*

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

|   | <b>Three Months<br/>Ended<br/>June 30, 2021</b> | Three Months<br>Ended June<br>30, 2020 | <b>Six<br/>Months<br/>Ended<br/>June 30,<br/>2021</b> | Six<br>Months<br>Ended<br>June 30,<br>2020 |
|---|---|--|---|--|
| <b>Operating activities:</b>                  |   |  |   |  |
| Net loss and comprehensive loss               | \$ (33,739)                                     | \$ (10,968)                            | \$ (46,629)   | \$ (19,564)                                |
| Changes in non-cash working capital:          |   |  |   |  |
| Sales tax recoverable                         | (1,322)   | (441)                                  | (2,909)   | 4,835                                      |
| Prepays and deposits                          | 2,615   | (2,546)                                | (3,929)   | (6,999)                                    |
| Accounts payable and accrued liabilities      | (5,297)   | (4,837)                                | (3,157)   | (11,314)                                   |
| Cash used in operating activities             | <b>(37,383)</b>                                 | (18,792)                               | <b>(56,624)</b>                                       | (33,042)                                   |
| <b>Financing activities:</b>                  |   |  |   |  |
| Proceeds from the exercise of broker warrants | -   | -                                      | -   | 2,500                                      |
| Cash from financing activities                | -   | -                                      | -   | 2,500                                      |
| <b>Net decrease in cash</b>                   | <b>(37,383)</b>                                 | (18,792)                               | <b>(56,624)</b>                                       | (30,542)                                   |
| Cash, at beginning of period                  | <b>312,269</b>                                  | 369,168                                | <b>331,510</b>  | 380,918                                    |
| <b>Cash, end of period</b>                    | <b>\$ 274,886</b>                               | \$ 350,376                             | <b>\$ 274,886</b>                                     | \$ 350,376                                 |

*The accompanying notes are an integral part of these Condensed Interim Financial Statements*



## **1. Nature of Operations**

Mongoose Mining Ltd., (the “Company”) was incorporated on January 16, 2020 under the laws of British Columbia. The Company’s principal place of business is located at 215 Edward Street, Victoria, British Columbia, V9A 3E4.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As of June 30, 2021, 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.

On November 28, 2020, the Company completed its Initial Public Offering (the “IPO”) and subsequently started trading its Common Shares on the Canadian Stock Exchange (the “CSE”) under the symbol “MNG”.

## **2. Basis of presentation**

### **Statement of Compliance**

These condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standards (IAS) 34, “Interim Financial Reporting”, using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Certain information and disclosures normally included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted.

The condensed interim financial statements should be read in conjunction with the Company’s audited annual financial statements as at and for the year ended December 31, 2020 and the notes thereto.

The condensed interim financial statements have been prepared on a historical cost basis, except as detailed in the accounting policies disclosed in note 3 of the Company’s audited financial statements for the year ended December 31, 2020. All accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are consistent with those of the previous financial year, except as described in note 3.

These financial statements were approved and authorized for issuance by the Board of Directors on September 27, 2021.

### **Significant Accounting Estimates and Judgments**

The timely preparation of the financial statements requires management to make judgments, estimates and assumptions based on currently available information that affect the application of accounting policies and reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of income and expenses during the reporting period. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**Mongoose Mining Ltd.**  
**Notes to the Condensed Interim Financial Statements**

For three and six month period ended June 30, 2021

(amounts in Canadian dollars)

(unaudited)

**2. Basis of presentation** *(continued)*

**Significant Accounting Estimates and Judgments** *(continued)*

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.

A full list of significant estimates and judgments can be found in note 2 of the Company’s annual financial statements for the year ended December 31, 2020. COVID-19 and current market conditions have increased the complexity of estimates and assumptions used to prepare the condensed interim financial statements.

**3. Exploration and Evaluation Asset**

|  | Acquisition<br>Costs | Exploration<br>Costs | Total            |
|--|----------------------|----------------------|------------------|
| Balance January 1, 2020                            | \$ 18,526            | \$ 25,854            | \$ 44,380        |
| Additions  | 5,000                | -                    | 5,000            |
| <b>Balance December 31, 2020 and June 30, 2021</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.

**Mongoose Mining Ltd.**  
**Notes to the Condensed Interim Financial Statements**

For three and six month period ended June 30, 2021

(amounts in Canadian dollars)

(unaudited)

**3. Exploration and Evaluation Asset (Continued)**

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

| <b>Date</b>                                 | <b>Shares</b>  | <b>Cash Payments</b> | <b>Expenditures</b> |
|---|----------------|----------------------|---------------------|
| Signing Date                                | -              | \$ 7,500             | -                   |
| Listing Date<br>June 1, 2020                | 100,000        | -                    | -                   |
| 1 <sup>st</sup> Anniversary of Listing Date | -              | -                    | \$ 25,000           |
| 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>   |

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 \$1,000,000 at any time prior to the commencement of commercial production.

**4. Share Capital**

- a) Authorized  
Unlimited common shares
- b) Issued

|   | <b>Number</b>    | <b>Stated Value</b> |
|---|------------------|---------------------|
| Balance, December 31, 2019                          | 9,278,000        | \$ 513,462          |
| Exercise of broker warrants (note 6)                | 25,000           | 4,300               |
| Shares issued for ChuChua Property (note 3)         | 100,000          | 5,000               |
| <b>Balance, December 31, 2020 and June 30, 2021</b> | <b>9,403,000</b> | <b>\$ 522,762</b>   |

- (i) Of the common shares issued, 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 each of six month anniversary thereafter. At June 30, 2021, there are 540,000 common shares held in escrow.
- (ii) 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.

# Mongoose Mining Ltd.

## Notes to the Condensed Interim Financial Statements

For three and six month period ended June 30, 2021

(amounts in Canadian dollars)

(unaudited)

### 5. 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 June 30, 2021 are as follows:

|   | Number of<br>Options | Weighted Average<br>Exercise Price |
|---|----------------------|------------------------------------|
| <b>Balance, December 31, 2019 and June 30, 2021</b> | <b>927,800</b>       | <b>\$ 0.10</b>                     |

The weighted average contractual terms for all outstanding options as at June 30, 2021 is 3.16 years and all options are exercisable.

### 6. Warrants

A summary of the warrants issued and outstanding as at June 30, 2021 are as follows:

|   | Number of<br>Options | Weighted Average<br>Exercise Price |
|---|----------------------|------------------------------------|
| Balance, December 31, 2019                          | 317,800              | \$ 0.10                            |
| Broker warrants exercised                           | (25,000)             | 0.10                               |
| <b>Balance, December 31, 2020 and June 30, 2021</b> | <b>292,800</b>       | <b>\$ 0.10</b>                     |

### 7. Financial Risk Management Objectives and Policies

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

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

#### Credit risk

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

## **7. Financial Risk Management Objectives and Policies** *(Continued)*

### **Market risk**

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

#### *Foreign currency risk*

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

#### *Interest rate risk*

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

### **Liquidity risk**

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

The Company has cash of \$274,886 (December 31, 2020 - \$331,510) with which to settle liabilities of \$20,676 (December 31, 2020 - \$23,833). All liabilities are due within one year.

## **8. Related Party Transactions**

During the three and six month period ended June 30, 2021 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.

## **9. Subsequent Events**

During the six month period ended June 30, 2021, the Company entered into a definitive agreement to acquire all of the issued and outstanding common shares of Spark Minerals Inc., ("Spark") with each Spark common share being exchange for one post-consolidation share of the Company. Prior to the completion of the transaction, the Company will consolidate its common shares on the basis of one new common share for every 2.85 old common shares. The share exchange will result in a reverse takeover of the Company by the shareholders of Spark.

The completion of the transaction is subject to completion of due diligence and regulatory body approvals.

**SCHEDULE "C"**  
**SPARK ANNUAL 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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BDO Canada LLP  
230 Brownlow Avenue, Suite 120  
Dartmouth, Nova Scotia B3B 0G5

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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.

### Emphasis of Matter - Amended Financial Statements

We draw attention to Note 3 to the financial statements, which describes that the financial statements that we originally reported on April 14, 2021 have been amended and describes the matter that gave rise to the amendment of the financial statements. 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  
August 27, 2021

**Spark Minerals Inc.**  
**Statements of Financial Position**

|  | December<br>31, 2020<br>(Amended<br>- Note 3) | December<br>31, 2019<br>(Amended<br>- Note 3) | January 1,<br>2019 |
|--|---|---|--------------------|
| <b>Assets</b>  |   |   |                    |
| <b>Current</b>   |   |   |                    |
| Cash   | \$ 2,945                                      | \$ -  | \$ -               |
| HST receivable   | 24,472  | -   | -                  |
| Prepaid expenses   | 973   | -   | -                  |
| Due from related party (Note 7)                          | 500,000                                       | 186   | -                  |
|  | 528,390                                       | 186   | -                  |
| Exploration and evaluation assets (Note 8)               | 330,132                                       | -   | -                  |
|  | \$ 858,522                                    | \$ 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 7)                          | 65,932  | 1,620   | 1,510              |
| Flow-through share premium liability (Note 9)            | 127,000                                       | -   | -                  |
|  | 263,186                                       | 7,739   | 4,510              |
| <b>Shareholders' Equity (Deficiency)</b>                 |   |   |                    |
| Share capital (Note 9)                                   | 567,613                                       | 286   | 100                |
| Warrant reserve (Notes 9, 10 & 12)                       | 130,673                                       | -   | -                  |
| Share option reserve (Notes 11 & 12)                     | 737   | -   | -                  |
| Deficit (Note 12)  | (103,687)                                     | (7,839)                                       | (4,610)            |
|  | 595,336                                       | (7,553)                                       | (4,510)            |
|  | \$ 858,522                                    | \$ 186  | \$ -               |

On behalf of the Directors:

(signed) "Peter Steele" Director

(signed) "Matthew Allas" Director

Going Concern (Note 2)  
Commitments (Note 14)  
Material Uncertainty due to COVID-19 (Note 17)  
Subsequent Events (Note 18)

**Spark Minerals Inc.**  
**Statements of Changes in Equity**

| <b>For the years ended December 31<br/>(Amended - Note 3)</b> | <b>Number<br/>of shares</b> | <b>Share<br/>capital</b> | <b>Warrant<br/>reserve</b> | <b>Share<br/>option<br/>reserve</b> | <b>RSU<br/>reserve</b> | <b>Deficit</b> | <b>Total<br/>equity</b> |
|---|-----------------------------|--------------------------|----------------------------|-------------------------------------|------------------------|----------------|-------------------------|
| 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 9)                                 | 13,006,993                  | 186                      | -                          | -                                   | -                      | -              | 186                     |
| Balance, December 31, 2019                                    | 20,000,000                  | 286 \$                   | - \$                       | - \$                                | - \$                   | (7,839) \$     | (7,553)                 |
| Net loss and comprehensive loss                               | -                           | -                        | -                          | -                                   | -                      | (95,848)       | (95,848)                |
| Share capital issued (Note 9)                                 | 2,500,000                   | 517,327                  | -                          | -                                   | -                      | -              | 517,327                 |
| Warrants issued (Notes 9 & 10)                                | -                           | -                        | 130,673                    | -                                   | -                      | -              | 130,673                 |
| Share options issued (Note 11)                                | -                           | -                        | -                          | 737                                 | -                      | -              | 737                     |
| Restricted share units issued<br>(Note 9)                     | -                           | -                        | -                          | -                                   | 50,000                 | -              | 50,000                  |
| Restricted share units<br>settled (Note 9)                    | 2,000,000                   | 50,000                   | -                          | -                                   | (50,000)               | -              | -                       |
| Balance, December 31, 2020                                    | 24,500,000                  | 567,613 \$               | 130,673 \$                 | 737 \$                              | - \$                   | (103,687) \$   | 595,336                 |

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<br>(Amended<br>- Note 3) | 2019              |
|--|-------------------------------|-------------------|
| <hr/>                                  |                               |                   |
| <b>Operating expenses</b>              |                               |                   |
| Professional fees                      | \$ 47,755                     | \$ 3,000          |
| Compensation (Notes 9 & 13)            | 25,000                        | -                 |
| Administrative fees (Note 7)           | 20,000                        | -                 |
| Travel                                 | 1,284                         | -                 |
| Supplies                               | 1,000                         | -                 |
| Memberships and licences               | 511                           | 190               |
| Meals and entertainment                | 265                           | -                 |
| Bank charges                           | 33                            | 39                |
|  | <b>95,848</b>                 | <b>3,229</b>      |
| <b>Net loss and comprehensive loss</b> | <b>\$ (95,848)</b>            | <b>\$ (3,229)</b> |
| <b>Loss per share</b>                  |                               |                   |
| Basic and diluted (in Canadian cents)  | <b>\$ (0.48)</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<br>(Amended<br>- Note 3) | 2019        |
|--|-------------------------------|-------------|
| <hr/>  |                               |             |
| <b>Cash flows from operating activities</b>            |                               |             |
| Net loss and comprehensive loss                        | (95,848)                      | (3,229)     |
| Adjustments for non-cash items                         |                               |             |
| Stock based compensation                               | 25,000                        | -           |
|  | <hr/>                         | <hr/>       |
|  | (70,848)                      | (3,229)     |
| Changes in non-cash working capital:                   |                               |             |
| HST receivable   | (24,472)                      | -           |
| Prepaid expenses                                       | (973)                         | -           |
| Accounts payable and accrued liabilities               | 64,135                        | 3,119       |
|  | <hr/>                         | <hr/>       |
|  | (32,158)                      | (110)       |
| <b>Cash flows from investing activities</b>            |                               |             |
| Investments in exploration and evaluation property (a) | (55,645)                      | -           |
| Exploration and evaluation property grants received    | 26,250                        | -           |
| Decrease in due from related party (b)                 | 186                           | -           |
|  | <hr/>                         | <hr/>       |
|  | (29,209)                      | -           |
| <b>Cash flows from financing activity (b)</b>          |                               |             |
| Increase in due to related parties                     | 64,312                        | 110         |
|  | <hr/>                         | <hr/>       |
| <b>Net increase in cash</b>                            | <b>2,945</b>                  | <b>-</b>    |
| <b>Cash, beginning of the year</b>                     | <b>-</b>                      | <b>-</b>    |
|  | <hr/>                         | <hr/>       |
| <b>Cash, end of the year</b>                           | <b>\$ 2,945</b>               | <b>\$ -</b> |

(a) Non-cash investing activities (Note 8)

(b) Non-cash financing activity (Note 9)

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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. Amended Financial Statements

Subsequent to the issuance of the financial statements of the Company on April 14, 2021, as at December 31, 2020, December 31, 2019 and January 1, 2019, and for the years ended December 31, 2020 and December 31, 2019 (the “initial financial statements”), management became aware of a misstatement in the carrying value of common shares issued during the year ended December 31, 2019 (Note 9) and of exploration and evaluation assets acquired during the year ended December 31, 2020 (Note 8), as well as other resulting impacts. The misstatement resulted from failure by management to use all available information when determining the value of the exploration and evaluation assets received and the timing of share capital recognition. As a result, the following amendments have been made to the initial financial statements in these amended financial statements:

As at December 31, 2020 and for the year then ended:

|                                   | <u>As Originally<br/>Stated</u> | <u>Amendment</u> | <u>As Amended</u> |
|-----------------------------------|---------------------------------|------------------|-------------------|
| Exploration and evaluation assets | \$ 171,382                      | \$ 158,750       | \$ 330,132        |
| Share capital                     | (400,113)                       | (167,500)        | (567,613)         |
| Compensation                      | 16,250                          | 8,750            | 25,000            |

The amended net loss and comprehensive loss increased by \$8,750 for the year ended December 31, 2020; a 0.04 cents per share increase in basic and diluted loss per share.

As at December 31, 2019:

|                        | <u>As Originally<br/>Stated</u> | <u>Amendment</u> | <u>As Amended</u> |
|------------------------|---------------------------------|------------------|-------------------|
| Due from related party | \$ 125,186                      | \$ (125,000)     | \$ 186            |
| Share capital          | (125,286)                       | 125,000          | (286)             |

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# Spark Minerals Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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#### 4. 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 August 27, 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 5), the fair value of the premium assigned to flow-through shares (Note 9), and the share prices and volatility used in measuring share options (Note 11), restricted share units (Note 9), and warrants (Note 10).

#### *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 5 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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### 5. 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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### 5. 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.

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 5. Significant Accounting Policies (continued)

|   |  |
|---|--|
| <b>Share Capital</b>                        | <p>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.</p> <p>The Company's common shares are classified as equity instruments.</p> <p>Capital contributions made by existing shareholders of the Company are credited to share capital.</p>   |
| <b>Flow-Through Share Premium Liability</b> | <p>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.</p> <p>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.</p> <p>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.</p>                         |
| <b>Warrants</b>                             | <p>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.</p> <p>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.</p> <p>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.</p> |

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 5. 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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### 5. 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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### 6. 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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### 7. 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<br>31, 2020 | December<br>31, 2019 | January<br>1, 2019 |
|--|----------------------|----------------------|--------------------|
| Maximos Metals Corp., shareholder                  | \$ 55,192            | \$ -                 | \$ -               |
| 21Alpha Resources Inc. ("21Alpha"),<br>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 8).

Details of compensation paid to the Directors during the year are disclosed in Note 13.

During the year, the Company purchased mining claims from 21Alpha for \$18,169 (2019 - \$nil) (Note 8). This included a royalty agreement in relation to these mining claims (Note 14).

During the year, Maximos contributed \$275,000 of geological services (Notes 8 & 9).

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

### 8. Exploration and Evaluation Assets

The following summarizes the Company's exploration and evaluation asset costs during the year:

|  | 2020<br>(Amended<br>- Note 3) | 2019        |
|--|-------------------------------|-------------|
| Mining claims registrations purchased  | 19,189                        | -           |
| Drilling costs                         | 27,674                        | -           |
| Geological costs                       | 309,519                       | -           |
| Grants received towards drilling costs | (26,250)                      | -           |
| Balance, end of year                   | <u>\$ 330,132</u>             | <u>\$ -</u> |

The following summarizes the Company's exploration and evaluation assets as at year end:

|                            | December 31, 2020<br>(Amended - Note 3) |             | December<br>31, 2019 | January<br>1, 2019 |
|----------------------------|---|-------------|----------------------|--------------------|
|                            | Cost                                    | Impairment  | Cost                 | Cost               |
| Mining claims registration | \$ 19,189                               | \$ -        | \$ -                 | \$ -               |
| Drilling                   | 27,674                                  | -           | -                    | -                  |
| Geological                 | 309,519                                 | -           | -                    | -                  |
| Grants received            | (26,250)                                | -           | -                    | -                  |
|                            | <u>330,132</u>                          | <u>-</u>    | <u>-</u>             | <u>-</u>           |
|                            | <u>\$ 330,132</u>                       | <u>\$ -</u> | <u>\$ -</u>          | <u>\$ -</u>        |

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:

\$275,000 of geological services were contributed by Maximos (Notes 7 & 9).

Of the RSU's issued and settled during the year (Note 9), 1,000,000 were issued in exchange for services related to the exploration and evaluation assets. Accordingly, the \$25,000 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 11) 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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**9. Share Capital**

Authorized capital:

Unlimited common shares without nominal or par value

Issued and outstanding shares:

|  | December<br>31, 2020<br>(Amended<br>- Note 3) | December<br>31, 2019<br>(Amended<br>- Note 3) | January<br>1, 2019 |
|--|---|---|--------------------|
| 24,500,000 (December 31, 2019 -<br>20,000,000; January 1, 2019 -<br>6,993,007) common shares | <b>\$ 567,613</b>                             | <b>\$ 286</b>                                 | <b>\$ 100</b>      |

**Share issuance**

On July 29, 2019, the Company issued 13,006,993 common shares to Maximos for \$186.

**Contribution**

On July 31, 2020, Maximos contributed \$275,000 of geological services (Notes 7 & 8) to the Company. The amount contributed was credited to share capital on the 13,006,993 common shares held by Maximos.

**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 \$50,000 fair value of the RSU's issued. Of the \$50,000 fair value, \$25,000 was capitalized to exploration and evaluation assets (Note 8) as they were issued in exchange for directly attributable services and \$25,000 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.

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 9. Share Capital (continued)

#### 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 10) and \$242,327 to share capital.

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 7) and is not reflected as cash flow from financing activity on the statement of cash flows.

---

### 10. Warrants

|                            | 2020                  |   |
|----------------------------|-----------------------|---|
|                            | Number of<br>warrants | Weighted<br>average<br>exercise price<br>\$ |
| Balance, beginning of year | -                     | -   |
| Issued (Note 9)            | 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 9) 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**

### 11. 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 8).

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     | \$0.025  |

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<br>options | Weighted<br>average<br>exercise price<br>\$ |
| 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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### 12. 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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### 13. Director Compensation

Compensation provided to directors of the Company in exchange for their services is as follows:

|   | 2020<br>(Amended<br>- Note 3) | 2019        |
|---|-------------------------------|-------------|
| Restricted share units recorded as compensation expense                 | \$ 25,000                     | \$ -        |
| Restricted share units capitalized to exploration and evaluation assets | 25,000                        | -           |
| Share options capitalized to exploration and evaluation assets          | 737                           | -           |
|   | <u>\$ 50,737</u>              | <u>\$ -</u> |

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## Spark Minerals Inc. Notes to Financial Statements

December 31, 2020 and 2019

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### 14. Commitments

As part of the purchase of certain mining claims from 21Alpha (Notes 7 & 8), 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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### 15. Income Taxes

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax applied :

|  | 2020<br>(Amended<br>- Note 3) | 2019       |
|--|-------------------------------|------------|
| Net loss before income taxes   | \$ (95,848)                   | \$ (3,229) |
| Statutory rate   | 30.00 %                       | 31.00 %    |
| Expected income tax recovery   | \$ (28,754)                   | \$ (1,001) |
| Non-deductible expenses  | 7,540                         | -          |
| Expenses recognized in different periods for tax and accounting purposes | (600)                         | -          |
| Change in valuation allowance  | 21,814                        | 1,001      |
| Income tax expense   | -                             | -          |

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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### **16. 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 a 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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### 16. 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 9).

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### 17. 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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### 18. 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 regulatory approval as of the date of issuing the financial statements.

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 "D"**  
**SPARK INTERIM FINANCIAL STATEMENTS**

**Spark Minerals Inc.**  
**Condensed Interim Financial Statements**  
**For the Three and Six Month Periods Ended**  
**June 30, 2021**  
**(Unaudited)**

**Spark Minerals Inc.**  
**Condensed Interim Financial Statements**  
**For the Three and Six Month Periods Ended June 30, 2021**  
**(Unaudited)**

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**Condensed Interim Financial Statements**

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| Condensed Interim Statement of Comprehensive Loss | 3 |
| Condensed Interim Statement of Cash Flows         | 4 |
| Notes to Condensed Interim Financial Statements   | 5 |

**Spark Minerals Inc.**  
**Condensed Interim Statement of Financial Position**  
**(Unaudited)**

June 30,    December 31,  
2021                      2020

**Assets**

**Current**

|                        |            |          |
|------------------------|------------|----------|
| Cash                   | \$ 268,271 | \$ 2,945 |
| HST receivable         | 56,617     | 24,472   |
| Prepaid expenses       | 325        | 973      |
| Due from related party | -          | 500,000  |
|                        | 325,213    | 528,390  |

|  |         |         |
|--|---------|---------|
| Exploration and evaluation assets (Note 5) | 447,438 | 330,132 |
|  | 447,438 | 330,132 |

|  |            |            |
|--|------------|------------|
|  | \$ 772,651 | \$ 858,522 |
|--|------------|------------|

**Liabilities and Shareholders' Equity**

**Current**

|   |            |           |
|---|------------|-----------|
| Accounts payable and accrued liabilities (Note 4) | \$ 139,414 | \$ 70,254 |
| Due to related parties (Note 4)                   | 65,760     | 65,932    |
| Flow-through share premium liability (Note 6)     | 95,852     | 127,000   |
|   | 301,026    | 263,186   |

**Shareholders' Equity**

|                               |           |           |
|-------------------------------|-----------|-----------|
| Share capital (Note 6)        | 567,613   | 567,613   |
| Warrant reserve (Notes 6 & 7) | 130,673   | 130,673   |
| Share option reserve (Note 8) | 2,043     | 737       |
| Deficit                       | (228,704) | (103,687) |
|                               | 471,625   | 595,336   |

|  |            |            |
|--|------------|------------|
|  | \$ 772,651 | \$ 858,522 |
|--|------------|------------|

On behalf of the Directors:

(signed) "Peter Steele"    Director

(signed) "Matthew Allas"    Director

Going Concern (Note 2)  
Commitments (Note 10)  
Material Uncertainty due to COVID-19 (Note 12)

**Spark Minerals Inc.**  
**Condensed Interim Statement of Changes in Equity**  
**(Unaudited)**

| <b>For the six month periods ended June 30</b> | Number<br>of shares | Share<br>capital | Warrant<br>reserve | Share option<br>reserve | Deficit     | Total<br>equity |
|--|---------------------|------------------|--------------------|-------------------------|-------------|-----------------|
| Balance, December 31, 2019                     | 20,000,000          | 286 \$           | - \$               | - \$                    | (7,839) \$  | (7,553)         |
| Net loss and comprehensive loss                | -                   | -                | -                  | -                       | (5,940)     | (5,940)         |
| Balance, June 30, 2020                         | 20,000,000          | \$ 286           | \$ -               | \$ -                    | \$ (13,779) | \$ (13,493)     |

|                                   | Number<br>of shares | Share<br>capital | Warrant<br>reserve | Share<br>option<br>reserve | Deficit      | Total<br>equity |
|-----------------------------------|---------------------|------------------|--------------------|----------------------------|--------------|-----------------|
| Balance, December 31, 2020        | 24,500,000          | \$ 567,613       | \$ 130,673         | \$ 737                     | \$ (103,687) | \$ 595,336      |
| Net loss and comprehensive loss   | -                   | -                | -                  | -                          | (125,017)    | (125,017)       |
| Stock based compensation (Note 8) | -                   | -                | -                  | 1,306                      | -            | 1,306           |
| Balance, June 30, 2021            | 24,500,000          | \$ 567,613       | \$ 130,673         | \$ 2,043                   | \$ (228,704) | \$ 471,625      |

The accompanying notes are an integral part of these condensed interim financial statements.

**Spark Minerals Inc.**  
**Condensed Interim Statement of Comprehensive Loss**  
**(Unaudited)**

|  | Three<br>month<br>period<br>ended June<br>30, 2021 | Six month<br>period<br>ended June<br>30, 2021 | Three month<br>period<br>ended June<br>30, 2020 | Six month<br>period<br>ended June<br>30, 2020 |
|--|--|---|---|---|
| <b>Operating expenses</b>  |  |   |   |   |
| Professional fees  | \$ 87,387  | \$ 131,741                                    | \$ -  | \$ -  |
| Administrative fees (Note 4)                                       | 7,500  | 15,000  | 5,000   | 5,000   |
| Supplies   | -  | 283   | -   | -   |
| Listing fees   | 5,000  | 5,000   | -   | -   |
| Bank charges   | 24   | 115   | -   | -   |
| Insurance  | 324  | 649   | -   | -   |
| Repairs and Maintenance  | 3,377  | 3,377   | -   | -   |
| Memberships and licenses   | -  | -   | 940   | 940   |
|  | <u>103,612</u>                                     | <u>156,165</u>                                | <u>5,940</u>                                    | <u>5,940</u>                                  |
| <b>Loss before other income</b>                                    | <b>(103,612)</b>                                   | <b>(156,165)</b>                              | <b>(5,940)</b>                                  | <b>(5,940)</b>                                |
| <b>Settlement of flow-through share premium liability (Note 6)</b> | <b>19,733</b>                                      | <b>31,148</b>                                 | <b>-</b>  | <b>-</b>                                      |
| <b>Net loss and comprehensive loss</b>                             | <b>\$ (83,879)</b>                                 | <b>\$ (125,017)</b>                           | <b>\$ (5,940)</b>                               | <b>\$ (5,940)</b>                             |
| <b>Loss per share</b>  |  |   |   |   |
| Basic and diluted (in Canadian cents)                              | \$ (0.34)  | \$ (0.51)                                     | \$ (0.03)                                       | \$ (0.03)                                     |

The accompanying notes are an integral part of these condensed interim financial statements.

**Spark Minerals Inc.**  
**Condensed Interim Statement of Cash Flows**  
**(Unaudited)**

| <u>For the six month period ended June 30</u>          | <u>2021</u>       | <u>2020</u>    |
|--|-------------------|----------------|
| <b>Cash flows from operating activities</b>            |                   |                |
| Net loss and comprehensive loss                        | \$ (125,017)      | \$ (5,940)     |
| Adjustments for non-cash items                         |                   |                |
| Settlement of flow-through share premium liability     | (31,148)          | -              |
|  | <u>(156,165)</u>  | <u>(5,940)</u> |
| Changes in non-cash working capital:                   |                   |                |
| HST receivable   | (32,145)          | -              |
| Prepaid expenses                                       | 648               | -              |
| Accounts payable and accrued liabilities (a)           | 62,215            | 5,940          |
|  | <u>(125,447)</u>  | <u>-</u>       |
| <b>Cash flows from investing activities</b>            |                   |                |
| Investments in exploration and evaluation property (a) | (114,381)         | -              |
| Exploration and evaluation property grants received    | 5,326             | -              |
| Decrease in due from related party                     | 500,000           | -              |
|  | <u>390,945</u>    | <u>-</u>       |
| <b>Cash flows from financing activity</b>              |                   |                |
| Repayment of due to related parties                    | (172)             | -              |
|  | <u>(172)</u>      | <u>-</u>       |
| <b>Net increase in cash</b>                            | <b>265,326</b>    | <b>-</b>       |
| <b>Cash, beginning of the period</b>                   | <b>2,945</b>      | <b>-</b>       |
| <b>Cash, end of the period</b>                         | <b>\$ 268,271</b> | <b>\$ -</b>    |

(a) Non-cash investing activity (Note 5)

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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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 condensed interim 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 June 30, 2021, 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 condensed interim 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 Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**3. Basis of Preparation**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements in accordance with International Financial Reporting Standards and IAS as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively, "IFRSs") and should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2020.

These condensed interim 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. As the Company is in the exploration stage of its operations and not actively selling precious metals, there are limited seasonal impacts on the Company's operations.

These condensed interim financial statements were approved and authorized for issuance by the Board of Directors on August 31, 2021.

These condensed interim financial statements have been prepared on a historical cost basis, unless otherwise noted in the notes to the Company's annual audited financial statements for the year ended December 31, 2020. All significant accounting policies and methods of computation followed in the preparation of these condensed interim financial statements are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2020.

**Critical judgements in applying significant accounting policies**

The preparation of financial statements in compliance with adopted IAS 34 requires the use of certain critical accounting estimates. It also requires the Company to exercise judgement in applying its significant accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts are disclosed in the notes to the Company's annual audited financial statements for the year ended December 31, 2020. There have been no material changes to the estimates and assumptions reported in the annual audited financial statements for the year ended December 31, 2020.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**4. Related Party Balances and Transactions**

**Due to Related Parties**

Amounts due to related parties are non-interest bearing, unsecured, and with no fixed terms of repayment:

|  | <u>June 30,<br/>2021</u> | <u>December<br/>31, 2020</u> |
|--|--------------------------|------------------------------|
| Maximos Metals Corp. ("Maximos"),<br>shareholder   | \$ 55,020                | \$ 55,192                    |
| 21Alpha Resources Inc. ("21Alpha"),<br>shareholder | <u>10,740</u>            | <u>10,740</u>                |
|  | <u>\$ 65,760</u>         | <u>\$ 65,932</u>             |

In addition to the due to related parties balances, accounts payable and accrued liabilities includes \$17,500 (December 31, 2020 - \$nil) payable to Maximos and \$9,377 (December 31, 2020 - \$3,401) payable to Directors of the Company.

**Related Party Transactions**

During the periods, the Company had the following transactions with related parties:

|  | <u>Three<br/>month<br/>period<br/>ended June<br/>30, 2021</u> | <u>Six month<br/>period<br/>ended June<br/>30, 2021</u> | <u>Three month<br/>period<br/>ended June<br/>30, 2020</u> | <u>Six month<br/>period<br/>ended June<br/>30, 2020</u> |
|--|---|---|---|---|
| Administrative expenses<br>charged by Maximos  | \$ 7,500  | \$ 15,000   | \$ 5,000  | \$ 5,000  |
| Geological services<br>charged by wholly-<br>owned subsidiaries of<br>Directors of the<br>Company (Note 5) | -   | 37,860  | 80  | 80  |
| Purchase of mining<br>claims registrations<br>from 21Alpha (Notes<br>5 & 11)                               | -   | -   | 18,169  | 18,169  |
|  |   |   | <u>18,169</u>   | <u>18,169</u>   |

Details of compensation paid to the Directors during the periods are disclosed in Note 9.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

June 30, 2021

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**5. Exploration and Evaluation Assets**

The following summarizes the Company's exploration and evaluation asset costs during the period.

|  | Six month<br>period<br>ended June<br>30, 2021 |
|--|---|
| Balance, beginning of period                   | \$ 330,132                                    |
| Mining claims registrations purchased (Note 4) | 9,040   |
| Drilling costs                                 | 781   |
| Geological costs (Note 4)                      | 112,811                                       |
| Grants received towards drilling costs         | (5,326)                                       |
| Balance, end of period                         | \$ 447,438                                    |

Certain costs were still payable to the related vendors as at June 30, 2021 and June 30, 2020 and are therefore not reflected on the condensed interim statement of cash flows.

The following summarizes the Company's exploration and evaluation assets as at period end:

|                            | June 30, 2021 |            | December<br>31, 2020 |
|----------------------------|---------------|------------|----------------------|
|                            | Cost          | Impairment | Carrying<br>Value    |
| Mining claims registration | \$ 28,229     | \$ -       | \$ 19,189            |
| Drilling                   | 28,455        | -          | 27,674               |
| Geological                 | 422,330       | -          | 309,519              |
| Grants received            | (31,576)      | -          | (26,250)             |
|                            | 447,438       | -          | 330,132              |
|                            | \$ 447,438    | \$ -       | \$ 330,132           |

The share options (Note 8) are held by a director providing services related to the exploration and evaluation assets. Accordingly, the \$653 and \$1,306 of stock based compensation recognized in share option reserve for the three and six month periods ended June 30, 2021, respectively (three and six month periods ended June 30, 2020 - \$nil) was capitalized to the exploration and evaluation assets.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**6. Share Capital**

Authorized capital:

Unlimited common shares without nominal or par value

Issued and outstanding shares:

|  | <u>June 30,<br/>2021</u> | <u>December<br/>31, 2020</u> |
|--|--------------------------|------------------------------|
| 24,500,000 (December 31, 2020 -<br>24,500,000) common shares | <u>\$ 567,613</u>        | <u>\$ 567,613</u>            |

**Flow-Through Shares and Flow-Through Share Premium Liability**

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 (Note 7).

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 initially recognized as a liability. The Company's initial obligation was to spend \$500,000 on Canadian Exploration Expenses ("CEE"). \$77,690 and \$122,632 was spent on CEE during the three and six month periods ended June 30, 2021, respectively. As a result of these CEE expenditures during the periods, the Company recognized \$19,733 and \$31,148 of income during the three and six month periods ended June 30, 2021, respectively. The remaining flow-through share premium liability balance of \$95,852 as at June 30, 2021 (December 31, 2020 - \$127,000) represents the Company's remaining obligation to spend \$377,368 (December 31, 2020 - \$500,000) on CEE. The Company has sufficient deferred tax assets to offset the CEE expenditures; therefore, no deferred tax liability has been recognized in respect of the foregone tax deductions.

The other \$373,000 from the private placement was recognized as equity; \$130,673 to the warrant reserve in relation to the warrant attached to each FT unit (Note 7) and \$242,327 to share capital.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**7. Warrants**

|                                     | Three and Six Month<br>Periods Ended<br>June 30, 2021 |                                       |
|-------------------------------------|---|---------------------------------------|
|                                     | Number of<br>warrants                                 | Weighted<br>average<br>exercise price |
| Balance, December 31, 2020 (Note 6) | 2,500,000   | \$ 0.25                               |
| Issued                              | -   | -                                     |
| Forfeited                           | -   | -                                     |
| Exercised                           | -   | -                                     |
| Balance, June 30, 2021              | 2,500,000   | \$ 0.25                               |

There were no warrants issued or outstanding during the three and six month periods ended June 30, 2020.

All outstanding warrants were exercisable as at June 30, 2021 and expire on December 31, 2023.

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**8. Stock Based Compensation**

On September 30, 2020, the Company granted a director 360,000 total common share options with an exercise price of \$0.025 each, 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 on September 30, 2022, and tranche 3 (120,000 options) vests on September 30, 2023. All three tranches expire September 30, 2025.

The total cost of \$653 and \$1,306 recognized for these options during the three and six month periods ended June 30, 2021, respectively (three and six month periods ended June 30, 2020 - \$nil) was added to share option reserve and capitalized to exploration and evaluation assets (Note 5).

None of the options were exercisable as at June 30, 2021. The remaining contractual lives of the stock options as at June 30, 2021 are as follows:

|                             |                       |                      |
|-----------------------------|-----------------------|----------------------|
| Tranche 1 (120,000 options) | 0.25 year to vesting  | 4.25 years to expiry |
| Tranche 2 (120,000 options) | 1.25 years to vesting | 4.25 years to expiry |
| Tranche 3 (120,000 options) | 2.25 years to vesting | 4.25 years to expiry |

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**9. Director Compensation**

Compensation provided to Directors of the Company during the periods consists of the geological service compensation described in Note 5 and stock based compensation described in Note 8.

No other forms of compensation were paid to Directors of the Company during the three and six month periods ended June 30, 2021 and 2020.

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**10. Commitments**

As part of the purchase of certain mining claims from 21Alpha during the three month period ended June 30, 2020 (Note 4), 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 June 30, 2021, a reasonable estimate cannot be made of the amount of the future royalty payments. As such, no provision has been made in these condensed interim financial statements.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

June 30, 2021

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**11. 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 HST receivable. The Company does not believe its exposure to credit risk is significant, as the balance is due from Canada Revenue Agency.

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 decreased from the prior period as a result of collecting the due from related party balance that was outstanding as at December 31, 2020.

**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 June 30, 2021 and December 31, 2020, 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 a 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 the prior period due to increased current liabilities and decreased current assets.

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**Spark Minerals Inc.**  
**Notes to Condensed Interim Financial Statements**  
**(Unaudited)**

**June 30, 2021**

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**11. 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 did not raise any further capital during the six month period ended June 30, 2021, as capital raised from the issuance of FT units on December 30, 2020 (Note 6) was still being utilized to fund operations.

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**12. 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, including gold and copper, 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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**SCHEDULE "E"**  
**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<br>Costs | Exploration<br>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,<br>2020    | Sept. 30,<br>2020 | June 30,<br>2020 | Mar. 31,<br>2020 | Dec. 31,<br>2019 | Sept. 30,<br>2019 | June 30,<br>2019 | January 16,<br>2019 to March<br>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

---

**HEAD OFFICE**

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Victoria, British Columbia  
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**LEGAL COUNSEL**

DLA Piper (Canada) LLP  
Calgary, Alberta

**AUDITORS**

MNP  
Calgary, Alberta

**BANKERS**

Scotiabank  
Calgary, Alberta



**MONGOOSE**  
MINING LTD

**Management Discussion and Analysis**

For the three and six month periods ended June 30, 2021  
(In Canadian Dollars)



## Mongoose Mining Ltd.

### Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

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The Management Discussion and Analysis (“MD&A”), prepared September 27, 2021 should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2020 and the condensed interim financial statement and notes thereto for the three and six month periods ended June 30, 2021 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 June 30, 2021, 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”) 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<br>Costs | Exploration<br>Costs | Total            |
|--|----------------------|----------------------|------------------|
| Balance January 1, 2020                            | 18,526               | 25,854               | 44,380           |
| Additions  | 5,000                | -                    | 5,000            |
| <b>Balance December 31, 2020 and June 30, 2021</b> | <b>\$ 23,526</b>     | <b>\$ 25,854</b>     | <b>\$ 49,380</b> |

## Mongoose Mining Ltd.

### Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

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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.

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.

## Mongoose Mining Ltd.

### Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

#### Selected Quarterly Information

|                                  |               |
|----------------------------------|---------------|
|                                  | June 30, 2021 |
| Revenue                          | \$ 0          |
| Net Loss                         | (\$ 33,379)   |
| Basic and Diluted Loss Per Share | (\$ 0.00)     |
| Total Assets                     | \$ 334,055    |
| Long-Term Debt                   | \$ 0          |

#### Operations

During the quarter ended June 30, 2021, the Company reported a net loss of \$33,379. Included in the determination of operating loss was \$13,400 on legal fees related to general corporate matters and transaction related costs and \$12,600 on listing fees mainly related to the Annual and Special Meeting of the Shareholders in June 2021. 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 |                  |                 |                   |                  |                  |                  |                   |
|----------------------------------|--------------------|------------------|-----------------|-------------------|------------------|------------------|------------------|-------------------|
|                                  | June 30,<br>2021   | Mar. 31,<br>2021 | Dec 31,<br>2020 | Sept. 30,<br>2020 | June 30,<br>2020 | Mar. 31,<br>2020 | Dec. 31,<br>2019 | Sept. 30,<br>2019 |
| Revenue                          | \$ 0               | \$ 0             | \$ 0            | \$ 0              | \$ 0             | \$ 0             | \$ 0             | \$ 0              |
| Net Loss                         | (\$ 33,379)        | (\$ 13,250)      | (\$ 27,252)     | (\$ 17,523)       | (\$ 10,967)      | (\$ 8,596)       | (\$100,888)      | (\$ 10,380)       |
| Basic and Diluted Loss Per Share | (\$ 0.00)          | (\$ 0.00)        | (\$ 0.00)       | (\$ 0.00)         | (\$ 0.00)        | (\$ 0.00)        | (\$ 0.02)        | (\$ 0.00)         |
| Total Assets                     | \$ 334,055         | \$ 372,731       | \$ 383,841      | \$ 388,764        | \$ 403,837       | \$ 419,642       | \$ 432,815       | \$ 256,498        |
| 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 June 30, 2021 was \$274,886. At June 30, 2021, the Company had positive working capital of \$263,999.

## **Mongoose Mining Ltd.**

### Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

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#### **Share Capital**

As at June 30, 2021 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 June 30, 2021, there are 540,000 common shares held in escrow.

#### **Off-Balance Sheet Arrangements**

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

#### **Proposed Transactions**

During the six month period ended June 30, 2021, the Company entered into a definitive agreement to acquire all of the issued and outstanding common shares of Spark Minerals Inc., ("Spark") with each Spark common share being exchange for one post-consolidation share of the Company. Prior to the completion of the transaction, the Company will consolidate its common shares on the basis of one new common share for every 2.85 old common shares. The share exchange will result in a reverse takeover of the Company by the shareholders of Spark.

The completion of the transaction is subject to completion of due diligence and regulatory body approvals.

#### **Related Party Transactions**

During the three and six month periods ended June 30, 2021 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 three and six month periods ended June 30, 2021

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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 purposed of exploration and development. The Company's future performance is connected to the development of its current assets and the overall global financial market. The Company strategy to mitigate this risk is to seek out prospective resource properties to acquire while monitoring the global economy.

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

### **Critical Accounting Judgments, Estimates and Policies**

The Company's critical accounting judgements, estimates and policies are described in notes 2 and 3 to the December 31, 2020 annual financial statements. Certain accounting policies are identified as critical because they require management to make judgments and estimates based on conditions and assumptions that are inherently uncertain, and because the estimates are of material magnitude to revenue, expenses, funds flow from operations, income or loss and/or other important financial results. These accounting policies could result in materially different results should the underlying conditions change or the assumptions prove incorrect.

Critical accounting estimates are those requiring management to make particularly subjective or complex judgments about inherently uncertain matters. Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to accounting estimates are recognized in the same period.

Management's assumptions are based on factors that, in management's opinion, are relevant and appropriate, and may change over time as operating conditions change

## **Mongoose Mining Ltd.**

### Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

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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.

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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.

**Mongoose Mining Ltd.**

Management Discussion and Analysis

For the three and six month periods ended June 30, 2021

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**Corporate Information**

**BOARD OF DIRECTORS**

**JOHN VAN DRIESUM**

Victoria, British Columbia

**KELLY McDONALD**

Calgary, Alberta

**ARIF SHIVJI**

Victoria, British Columbia

**OFFICERS**

**JOHN VAN DRIESUM**

Chief Executive Officer

**CHRIS ALLCHORNE**

Chief Financial Officer

---

**HEAD OFFICE**

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**LEGAL COUNSEL**

DLA Piper (Canada) LLP

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**AUDITORS**

MNP

Calgary, Alberta

**BANKERS**

Scotiabank

Calgary, Alberta

**SCHEDULE "F"**  
**SPARK MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **Spark Minerals Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the year ended December 31, 2020**

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

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. This discussion should be read in conjunction with the amended annual audited financial statements for year ended December 31, 2020 with an Independent Auditor's Report date of August 27, 2021 (the "financial statements").

Refer to Note 3 of the financial statements for details of the amendment issued on August 27, 2021. This MD&A has also been amended to reflect the impact of those amendments.

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.

## **SPARK MINERALS INC. MANAGEMENT'S DISCUSSION & ANALYSIS**

In addition to the 7 licences under assessment, Spark holds 19 licences adjacent or in close proximity to the Property.

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 the technical report on the property. 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 FINANCIAL 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 \$330,132 at December 31, 2020 due to the purchase of mining claims, geological work programs and an initial drill program.

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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**

The following selected annual financial information has been derived from the financial statements of the Company.

|   | Year Ended<br>December 31, 2020<br>\$ | Year Ended<br>December 31, 2019<br>\$ |
|---|---------------------------------------|---------------------------------------|
| Net loss for the period                 | (95,848)                              | (3,229)                               |
| Net loss per common share               | (0.48)                                | (0.03)                                |
| Total assets                            | 858,522                               | 186                                   |
| Cash and cash equivalents               | 2,945                                 | nil                                   |
| Total non-current financial liabilities | nil                                   | nil                                   |
| Shareholders' equity (deficiency)       | 595,336                               | (7,553)                               |

**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 \$(7,553) at December 31, 2019.

Working capital is held almost entirely in cash held in trust, reflected in the financial statements as Due from Related Parties. 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.

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MANAGEMENT'S DISCUSSION & ANALYSIS**

**OFF-BALANCE SHEET ARRANGEMENTS**

There are no such existing arrangements.

**TRANSACTIONS WITH RELATED PARTIES**

\$50,737 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.

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<br/>Shares<br/>Outstanding</b> | <b>Warrants<br/>Outstanding</b> | <b>Stock Options<br/>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<br/>Price</b> | <b>Expiry Date</b> |
|--------------------|---------------------------|--------------------|
| 360,000            | \$ 0.025                  | September 30, 2025 |

**WARRANTS**

| <b>Outstanding</b> | <b>Exercise<br/>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 4 to the financial statements for the year ended December 31, 2020, and have been consistently followed in the preparation of the financial statements.

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**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 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 consist of tax credits receivable from the Government of Canada and from a related party, The related party receivable represents cash held in trust at year end and has subsequently been paid to Spark in FY 2021. 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.

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**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

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

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 Canada Business Corporations Act (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



## **SPARK MINERALS INC. MANAGEMENT'S DISCUSSION & ANALYSIS**

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 maybe 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

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**MANAGEMENT'S DISCUSSION & ANALYSIS**

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.

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**MANAGEMENT'S DISCUSSION & ANALYSIS**

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.

# **Spark Minerals Inc.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the Interim period ended June 30, 2021**

## **SPARK MINERALS INC. MANAGEMENT'S DISCUSSION & ANALYSIS**

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 six-month period ended June 30, 2021. This discussion should be read in conjunction with the annual audited financial statements for interim period ended June 30, 2021.

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.

### **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.

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.

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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 the technical report on the property. 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 RESULTS**

**Financial Condition at June 30, 2021 compared to December 31, 2020**

The Company had cash totaling \$268,271 at June 30, 2021 compared to \$2,945 at December 31, 2020.

Exploration and evaluation assets increased from \$330,132 at December 31, 2020 to \$447,438 at June 30, 2021 due to the renewal of mining claims and geological work conducted.

Accounts payable and accrued liabilities increased from \$70,254 at December 31, 2020 to \$139,414 at June 30, 2021. Most of this increase related to accruals for professional fees as well as related party general and administrative.

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

**SELECTED INTERIM INFORMATION**

The following selected interim financial information has been derived from the financial statements of the company, with June 30, 2021 compared to December 31, 2020.

|   | June 30, 2021<br>\$ | December 31, 2020<br>\$ |
|---|---------------------|-------------------------|
| Total assets                            | 772,651             | 858,522                 |
| Cash and cash equivalents               | 268,271             | 2,945                   |
| Total non-current financial liabilities | nil                 | nil                     |
| Shareholders' equity                    | 471,625             | 595,336                 |

The following selected interim financial information has been derived from the financial statements of the company, with the six-month period ended June 30, 2021, compared to the six-month period ended June 30, 2020.

|                           | June 30, 2021<br>\$ | June 30, 2020 |
|---------------------------|---------------------|---------------|
| Net loss for the period   | (125,017)           | (5,940)       |
| Net loss per common share | (0.51)              | (.03)         |

**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 six-month period ended June 30, 2021, cash used in operating activities was \$125,447. The Company had net cash inflows of \$390,945 from investing activities during the six months ended June 30, 2021.

Working capital at June 30, 2021 amounted to \$24,187 compared to \$265,204 at December 31, 2020.

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 MINERALS INC.  
MANAGEMENT'S DISCUSSION & ANALYSIS**

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**

\$39,166 in fees were paid by the Company to directors, including certain compensation in the form of stock based compensation, for their services as directors of the Company and other exploration and evaluation services during the six-month period ended June 30, 2021. Nominal fees were paid to directors for their services in the interim period June 30, 2021.

Included in liabilities at June 30, 2021 is \$72,520 payable to Maximos Metals Corp. (December 31, 2020 - \$55,192) in respect of the fees for Nanospectra and administrative services provided, and \$10,740 to 21 Alpha Resources Inc. (December 31, 2020 - \$10,470) for admin expenses and the remaining balance for the initial sale of the claims to Spark. Also included in the accounts payable and accrued liabilities is \$9,377 (December 31, 2020 - \$3,401) payable to directors of the Company. 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<br/>Shares<br/>Outstanding</b> | <b>Warrants<br/>Outstanding</b> | <b>Stock Options<br/>Outstanding</b> |
|----------------------------------|--|---------------------------------|--------------------------------------|
| Balance, June 30, 2021           | 24,500,000                               | 2,500,000                       | 360,000                              |
| Common shares or warrants issued | -  | -                               | -                                    |
| <b>Total as of June 30, 2021</b> | <b>24,500,000</b>                        | <b>2,500,000</b>                | <b>360,000</b>                       |

**STOCK OPTIONS**

| <b>Outstanding</b> | <b>Exercise<br/>Price</b> | <b>Expiry Date</b> |
|--------------------|---------------------------|--------------------|
| 360,000            | \$ 0.025                  | September 30, 2025 |

**WARRANTS**

| <b>Outstanding</b> | <b>Exercise<br/>Price</b> | <b>Expiry Date</b> |
|--------------------|---------------------------|--------------------|
| 2,500,000          | \$ 0.25                   | December 31, 2023  |



**SPARK MINERALS INC.  
MANAGEMENT'S DISCUSSION & ANALYSIS**

**CHANGES IN ACCOUNTING POLICIES**

The accounting policies followed by the Company are set out in Note 3 to the financial statements for the interim period June 30, 2021 and have been consistently followed in the preparation of those 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 statement of financial position due to their short-term maturities or ability of prompt liquidation.

As at June 30, 2021, 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 consist 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 June 30, 2021, Spark had a cash balance of \$268,271 (December 31, 2020 - \$2,945) to settle total liabilities of \$301,026 (December 31, 2020 - \$263,186).

**SPARK MINERALS INC.  
MANAGEMENT'S DISCUSSION & ANALYSIS**

**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.

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

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.

## **SPARK MINERALS INC. MANAGEMENT'S DISCUSSION & ANALYSIS**

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 Canada Business Corporations Act (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

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

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 maybe 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.

**SPARK MINERALS INC.**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**

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 June 30, 2021, 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 "G"**  
**PRO FORMA FINANCIAL STATEMENTS**

**PRO FORMA CONSOLIDATED FINANCIAL  
STATEMENTS OF MONGOOSE MINING LTD. UPON  
COMPLETION OF THE PROPOSED TRANSACTION  
(Unaudited – Prepared by Management)**



**MONGOOSE MINING LTD.**

**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)**

**JUNE 30, 2021**

(Expressed in Canadian dollars)

**Management's Letter**

The accompanying unaudited pro forma consolidated financial statements of Mongoose Mining Ltd. ("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 condensed interim financial statements for the three and six month periods ended June 30, 2021, 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 exchange agreement between Mongoose and Spark Minerals Inc. ("Spark") dated March 17, 2021, pursuant to which Mongoose will acquire all the issued and outstanding common shares in the capital of Spark (the "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**

## PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**MONGOOSE MINING LTD.**

## PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian dollars)

| <i>At June 30, 2021</i>                  | <b>Notes</b>  | <b>Mongoose</b> | <b>Spark</b>   | <b>Pro Forma<br/>Adjustments</b> | <b>Pro Forma<br/>Mongoose</b> |
|--|---------------|-----------------|----------------|----------------------------------|-------------------------------|
| <b>ASSETS</b>                            |               |                 |                |                                  |                               |
| Current                                  |               |                 |                |                                  |                               |
| Cash                                     | 3.a           | 274,886         | 268,271        | 800,000                          | 1,343,157                     |
| Taxes recoverable                        |               | 4,789           | 56,617         | -                                | 61,406                        |
| Prepaid expenses                         |               | 5,000           | 325            | -                                | 5,325                         |
|  |               | 284,675         | 325,213        | 800,000                          | 1,409,888                     |
| Non-current                              |               |                 |                |                                  |                               |
| Exploration and evaluation property      | 3.b, 3.e      | 49,380          | 447,438        | (49,380)                         | 447,438                       |
| <b>Total Assets</b>                      |               | <b>334,055</b>  | <b>772,651</b> | <b>750,620</b>                   | <b>1,857,326</b>              |
| <b>LIABILITIES</b>                       |               |                 |                |                                  |                               |
| Current                                  |               |                 |                |                                  |                               |
| Accounts payable and accrued liabilities |               | 20,676          | 139,414        | -                                | 160,090                       |
| Due to related parties                   |               | -               | 65,760         | -                                | 65,760                        |
| Flow through share premium liability     |               | -               | 95,852         | -                                | 95,852                        |
| <b>Total Liabilities</b>                 |               | <b>20,676</b>   | <b>301,026</b> | <b>-</b>                         | <b>321,702</b>                |
| <b>EQUITY</b>                            |               |                 |                |                                  |                               |
| Share capital                            | 3.c           | 522,762         | 567,613        | 10,024,238                       | 11,114,613                    |
| Contributed surplus                      | 3.d           | 84,000          | -              |                                  | 84,000                        |
| Warrant reserve                          | 3.d           | 21,200          | 130,673        |                                  | 151,873                       |
| Stock based compensation reserve         |               | -               | 2,043          | -                                | 2,043                         |
| Deficit                                  | 3.b, 3.d, 3.e | (314,583)       | (228,704)      | (9,273,618)                      | (9,816,905)                   |
| <b>Total Equity</b>                      |               | <b>313,379</b>  | <b>471,625</b> | <b>750,620</b>                   | <b>1,535,624</b>              |
| <b>Total Liabilities and Equity</b>      |               | <b>334,055</b>  | <b>772,651</b> | <b>750,620</b>                   | <b>1,857,326</b>              |

**MONGOOSE MINING LTD**

## PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(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 six month period ended June 30, 2021</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>                                 |              | <b>-</b>        | <b>-</b>         | <b>-</b>                     | <b>-</b>                  |
| Expenses  |              |                 |                  |                              |                           |
| Professional fees                                   |              | 25,997          | 131,741          | -                            | <b>157,738</b>            |
| Bank charges  |              | -               | 115              | -                            | <b>115</b>                |
| Supplies  |              | -               | 283              | -                            | <b>283</b>                |
| Listing fees  | 3.b          | 13,257          | 5,000            | 8,723,840                    | <b>8,742,097</b>          |
| Impairment of exploration and evaluation assets     | 3.e          | -               | -                | 864,361                      | <b>864,361</b>            |
| Office and administrative                           |              | 4,004           | 15,000           | -                            | <b>19,004</b>             |
| Insurance   |              | 3,371           | 649              | -                            | <b>4,020</b>              |
| Repairs & maintenance                               |              | -               | 3,377            | -                            | <b>3,377</b>              |
| <b>Total Expenses</b>                               |              | <b>46,629</b>   | <b>156,165</b>   | <b>9,588,201</b>             | <b>9,790,995</b>          |
| Settlement of flow-through share premium liability  |              | -               | (31,148)         | -                            | <b>(31,148)</b>           |
| <b>Total Comprehensive Loss</b>                     |              | <b>(46,629)</b> | <b>(125,017)</b> | <b>(9,588,201)</b>           | <b>(9,759,847)</b>        |

## **MONGOOSE MINING LTD**

### **NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2021

(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 June 30, 2021.

Pursuant to the March 17, 2021 Share Exchange Agreement among Mongoose and Spark, Mongoose will acquire all of the issued and outstanding Spark Common Shares (the “Proposed Transaction”).

Immediately prior to completion of the Proposed Transaction and as a condition of closing, Mongoose has agreed to consolidate its issued and outstanding common shares (the “Mongoose Common Shares”) on the basis of one Mongoose Common Share (a “New Mongoose Common Share”) for each 2.85 Mongoose Common Shares then outstanding, resulting in 3,299,298 New Mongoose Common Shares being outstanding immediately prior to completion of the Proposed Transaction.

As a result of the Proposed 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 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 five of the six members of the Mongoose board of directors will be designees of Spark.

The unaudited pro forma consolidated financial statements of the Company have been compiled from and include:

- a) Mongoose's unaudited condensed interim financial statements for the three and six month periods ended June 30, 2021 for which the Canadian dollar is the functional and reporting currency;
- b) Spark's unaudited condensed interim financial statements for the three and six month periods ended June 30, 2021 for which the Canadian dollar is the functional and reporting currency; and
- c) The additional information set out in Note 3.

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 Transaction. 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 Proposed Transaction. Actual amounts recorded upon approval of the Proposed Transaction will likely differ from those recorded in the unaudited pro forma consolidated financial statements.

## MONGOOSE MINING LTD

### NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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## 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 Proposed Transaction as if Spark purchased all the outstanding Mongoose Common Shares, 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 the 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 Proposed 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 Proposed Transaction. Cash has been further adjusted by \$200,000 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 Transaction. The following table summarizes the estimated allocation of the preliminary deemed purchase price as at the Proposed Transaction date:

|   |                  |
|---|------------------|
| Preliminary deemed purchase price   | 9,747,000        |
| Add: warrants and options assumed by resulting issuer                       | 105,200          |
| Less: net assets of Mongoose  | (313,379)        |
| Less: fair value adjustment to Mongoose exploration and evaluation property | (814,981)        |
| Excess of Preliminary deemed purchase price over fair value of net assets   | <u>8,723,840</u> |

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 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 to share capital:

|  |                   |
|--|-------------------|
| Preliminary deemed purchase price (3.b)  | 9,747,000         |
| Add: pending private equity raise (3.a)  | 1,000,000         |
| Add: shares to be issued for finders fee | 125,000           |
| Less: Mongoose share capital (3.d)       | (522,762)         |
| Less: transactions costs to be paid      | (325,000)         |
| Total share capital adjustment           | <u>10,024,238</u> |

- d) In accordance with the reverse takeover, the adjustments include the elimination of Mongoose’s share capital and deficit. Mongoose’s stock options and warrants will be exchanged for stock options and warrants of the resulting issuer, based on the 2.85 consolidation of shares; therefore, the related contributed surplus and warrant reserve balances of Mongoose are eliminated but replaced by contributed surplus and warrant reserve balances of the reporting issuer in an equal amount

## MONGOOSE MINING LTD

### NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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- e. Mongoose has recorded an impairment loss relating to the Mongoose exploration and evaluation property. The Mongoose evaluation and exploration property will not be a material property of the Company upon completion of the Proposed Transaction and has therefore been fully written off as at June 30, 2021, as follows:

|   |           |
|---|-----------|
| Mongoose exploration and evaluation property initial carrying value         | 49,380    |
| Write-off per statement of financial position                               | (49,830)  |
| Balance   | -         |
| Fair value adjustment to Mongoose exploration and evaluation property (3.b) | 814,981   |
| Additional write-off  | (814,981) |
| Balance   | -         |
| Total write-offs recorded per statement of loss and comprehensive loss      | \$864,361 |

## CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Mongoose Mining Ltd., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Mongoose Mining Ltd. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at this 12<sup>th</sup> day of November, 2021

*"Terence Coughlan"* (signed)

---

Name: Terence Coughlan  
Title: Chief Executive Officer

*"Steve Cummings"* (signed)

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Name: Steve Cummings  
Title: Chief Financial Officer

*"John Allan"* (signed)

---

Name: John Allan  
Director

*"Gerasimos (Gerry) Sklavounos Jr."* (signed)

---

Name: Gerasimos (Gerry) Sklavounos Jr  
Director

*"Terence Coughlan"* (signed)

---

Name: Terence Coughlan  
Promoter

*"Matthew Allas"* (signed)

---

Name: Matthew Allas  
Promoter

**CERTIFICATE OF THE TARGET**

The foregoing contains full, true and plain disclosure of all material information relating to Spark Minerals Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at this 12<sup>th</sup> day of November, 2021.

*"Terence Coughlan"* (signed)

\_\_\_\_\_  
Name: Terence Coughlan  
Title: President & Chief Executive Officer

*"Steve Cummings"* (signed)

\_\_\_\_\_  
Name: Steve Cummings  
Title: Chief Financial Officer

*"Peter Steele"* (signed)

\_\_\_\_\_  
Name: Peter Steele  
Director

*"Matthew Allas"* (signed)

\_\_\_\_\_  
Name: Matthew Allas  
Director

*"Terence Coughlan"* (signed)

\_\_\_\_\_  
Name: Terence Coughlan  
Promoter

*"Matthew Allas"* (signed)

\_\_\_\_\_  
Name: Matthew Allas  
Promoter