MONGOOSE
MINING LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 & DECEMBER 31, 2020

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Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Mongoose Mining Ltd.

Opinion

We have audited the consolidated financial statements of Mongoose Mining Ltd. and its subsidiary (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of loss and comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. 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 matter

The financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on August 27, 2021.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2021 and has no source of operating cash flow. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

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In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, 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 consolidated financial statements

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

In preparing the consolidated 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 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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 risks 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.

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- 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner of the audit resulting in this independent auditor’s report is Koko Yamamoto.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
April 28, 2022

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

		December 31 2021	December 31 2020
ASSETS			
Current			
Cash		$ 1,128,794	$ 2,945
Amounts receivable		35,091	24,472
Prepaid expenses		17,895	973
Other current assets	(Note 5)	-	500,000
Total Current Assets		1,181,780	528,390
Non-current			
Exploration and evaluation property	(Note 4)	609,705	330,132
Total assets		$ 1,791,485	$ 858,522
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 193,798	$ 70,254
Flow-through share premium liability	(Note 3e)	143,339	127,000
Due to related parties	(Note 8)	51,990	65,932
Total Current Liabilities		389,127	263,186
EQUITY			
Share capital	(Note 5)	2,408,563	567,613
Contributed surplus	(Note 6)	61,050	737
Warrant reserve	(Note 7)	130,673	130,673
Deficit		(1,197,928)	(103,687)
Total equity		1,402,358	595,336
Total liabilities and equity		$ 1,791,485	$ 858,522

Going concern (Note 1)
Commitments and contingencies (Notes 4, 12 and 13)
Subsequent event (Note 13)

Approved on behalf of the Board of Directors:

/s/ "Terence Coughlan"	/s/ "Steve Cummings"
Director	Director

See accompanying notes to the consolidated financial statements

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

		Year ended December 31 2021	Year ended December 31 2020
Expenses:			
Business promotion		$ 3,926	$ -
Professional fees	(Note 8)	307,712	47,755
Consulting		5,000	-
Administration	(Note 8)	38,965	23,093
Listing cost	(Note 5)	811,149	-
Stock based compensation	(Note 6)	-	25,000
Total expenses		(1,166,752)	(95,848)
Flow-through share premium recovery	(Note 3e)	(71,011)	-
Net loss and comprehensive loss		$ (1,095,741)	$ (95,848)
Loss per Share			
Basic and diluted		$ (0.04)	$ (0.00)
Weighted average number of shares outstanding			
Basic and diluted		25,541,000	20,012,329

See accompanying notes to the consolidated financial statements

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

	Number of Shares	Share Capital	Warrant Reserve	Contributed Surplus	RSU Reserve	Deficit	Total Equity
Balance December 31, 2019	20,000,000	$286	$-	$-	$-	($7,839)	($7,553)
Share capital issued	2,500,000	517,327	-	-	-	-	517,327
Warrants issued	-	-	130,673	-	-	-	130,673
Share based compensation	-	-	-	737	50,000	-	50,737
Restricted share units settled	2,000,000	50,000	-	-	(50,000)	-	-
Net loss and comprehensive loss	-	-	-	-	-	(95,848)	(95,848)
Balance December 31, 2020	24,500,000	$567,613	$130,673	$737	$-	($103,687)	$595,336
Private placement subscriptions, net of costs	1,904,000	454,375	-	-	-	-	454,375
Equity exchange on completion of RTO	5,546,295	1,386,575	1,500	57,700	-	-	1,445,775
Warrants expired	-	-	(1,500)	-	-	1,500	-
Share based compensation	-	-	-	2,613	-	-	2,613
Net loss and comprehensive loss	-	-	-	-	-	(1,095,741)	(1,095,741)
Balance, December 31, 2021	31,950,295	$2,408,563	$130,673	$61,050	$-	($1,197,928)	$1,402,358

See accompanying notes to the consolidated financial statements.

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

(Expressed in Canadian dollars)

	Year ended December 31 2021	Year ended December 31 2020
Cash provided by (used in) operating activities:		
Net loss	$ (1,095,741)	$ (95,848)
Adjustments for non-cash and other items;		
FT share premium recovery	(71,011)	-
Share based compensation	-	25,000
Listing cost	811,149	-
Changes in non-cash working capital:		
Amounts receivable	(3,363)	(24,472)
Prepaid expenses	(2,469)	(973)
Accounts payable and accrued liabilities	101,250	64,135
Net cash flows from operating activities	(260,185)	(32,158)
Cash provided by (used in) financing activities:		
Due to related parties	(13,942)	64,312
Receipt of proceeds from 2020 financing	500,000	-
Issuance of common shares	476,000	-
Issuance of common shares	(21,625)	-
Net cash flows from financing activities	940,433	64,312
Cash provided by (used in) investing activities:		
Cash acquired in RTO	751,885	-
Advances to Mongoose prior to RTO	(29,325)	-
Due from related party	-	186
Investment in exploration property	(325,839)	(55,645)
Grants received	48,880	26,250
Net cash flows from investing activities	445,601	(29,209)
Increase in cash	1,125,849	2,945
Cash, beginning of year	2,945	-
Cash, end of year	$ 1,128,794	$ 2,945

Supplemental information		
Shares, warrants and options issued for RTO	$ 1,445,775	$ -
Financing proceeds received by Technology Metals on behalf of the Company	-	500,000
RSUs capitalized to exploration and evaluation assets	-	25,000
Stock option expense capitalized to exploration and evaluation assets	2,613	737

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Mongoose Mining Ltd. (Mongoose") was incorporated on January 16, 2019 under the laws of British Columbia. On November 28, 2019, Mongoose completed its Initial Public Offering (the "IPO") and subsequently began trading its common shares on the Canadian Stock Exchange (the "CSE") under the symbol "MNG". Mongoose completed a reverse takeover transaction, on November 10, 2021, pursuant to which it acquired the issued and outstanding common shares of the privately held Spark Minerals Inc. ("Spark"). Spark was incorporated under the Nova Scotia Business Registrations Act on August 22, 2017. Mongoose and Spark completed the Transaction by way of share exchange pursuant to a share exchange agreement dated March 17, 2021, (the "Share Exchange Agreement") and the resulting reporting issuer (the "Company") continued as Mongoose Mining Ltd. The transaction is described in Note 5.

The Company's registered office is located at 595 Howe St. 10th Floor, Vancouver BC V6C 2T5

On December 31, 2021, Canadian Manganese Corporation held, through its subsidiary Technology Metals Inc. (formerly Maximos Metals Inc) 40.7% (2020 – 53.09%) and 21 Alpha Resources Inc. ("21Alpha") held 21.9% (2020 – 28.0%), of the common shares of the Company. Canadian Manganese Corporation acquired Technology Metals Inc. during the year ended December 31, 2021.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As of December 31, 2021, the Company had not yet determined whether the Company's mineral property assets 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.

These financial statements have been prepared on a going concern basis, which assumes 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 assessed 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.

During the year ended December 31, 2021, the Company had continuing losses and had no source of operating cash flow. Operations have been funded from the issuance of share capital. Given its current stage of operations, the Company's ability to continue as a going concern is contingent on its ability to obtain additional financing. In the event the Company is unable to raise adequate financing or meet its current obligations, the carrying value of the Company's unproven exploration and evaluation property could be subject to material adjustments. These financial statements do not reflect the adjustments to carrying values of assets and liabilities that would be necessary if the going concern assumption was inappropriate.

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 additional challenges in managing cash flows and the ability to raise capital.

2. BASIS OF PREPARATION

a) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standards as issued by the IFRS International Accounting Standards Board (''IASB'') and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved and authorized for issuance by the Board of Directors on April 28, 2022.

b) BASIS OF PRESENTATION

On November 10, 2021, Mongoose acquired 100% of the issued and outstanding securities of Spark (Notes 1 and 5), which resulted in the shareholders of Spark holding the majority of the outstanding shares of the Company. While Mongoose Mining Ltd. is the legal acquirer, Spark is the accounting acquirer since shareholders of Spark held and controlled the majority of the outstanding shares upon completion of the Transaction (the "Reverse Take-Over" or "RTO"). As a result of the RTO, these consolidated financial statements are presented with Spark as the continuing entity. The comparative figures as at and for the year ended December 31, 2020 are those of Spark.

c) BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis. The financial statements are also prepared using the accrual basis of accounting, except for cash flow information.

d) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Canadian Dollars, which is the functional currency of the Company and its subsidiary.

e) USE OF ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires the Company's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. Judgement is used mainly in determining whether a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgements and estimates are often interrelated. Actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF CONSOLIDATION

These consolidated financial statements consolidate those of the parent company and its wholly owned subsidiary, Spark.

The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and can affect those returns through its power over the subsidiary. All intercompany transactions and balances between the companies are eliminated on consolidation, including unrealized gains and losses on transactions. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

b) CASH

Cash in the statement of financial position is comprised of cash on account at Canadian banks. Funds that are not available for use by the Company are classified as restricted.

c) EXPLORATION AND EVALUATION PROPERTY

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 measured at cost and classified as tangible assets. Exploration costs which are reimbursed through government grants are reduced based on the value of the grant received.

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 exceed their recoverable amounts. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use.

Once technical feasibility and commercial viability of a mineral property can be demonstrated, exploration costs will be assessed for impairment and reclassified to property, plant and equipment and subject to different accounting treatment.

d) FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Initial recognition and measurement

Non-derivative financial assets within the scope of IFRS 9 are classified and measured as "financial assets at fair value", as either fair value through profit and loss ("FVPL") or fair value through other comprehensive income ("FVOCI"), or "financial assets at amortized costs", as appropriate. The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows. All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Subsequent measurement – financial assets at amortized cost

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of loss. Cash, amounts receivables and other current assets are measured at amortized cost.

Subsequent measurement – FVPL

Financial assets measured at FVPL include financial assets management intends to sell in the short term and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the consolidated statements of operations. The Company did not have any financial instruments classified as FVPL.

Subsequent measurement – FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Company does not measure any financial assets at FVOCI.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets
The Company has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, accounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

FINANCIAL LIABILITIES

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL, as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVPL.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by considering any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statements of operations. Accounts payable and accrued liabilities and due to related parties are measured at amortized cost.

e) SHARE CAPITAL

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Capital contributions made by existing shareholders of the Company are credited to share capital.

f) WARRANTS

The Company issues common share warrants attached to common shares issued, exercisable by the holder at a fixed price. As the price is fixed and the warrant is equity-settled, the warrants are accounted for as equity instruments on a fair value basis.

The fair value of each warrant is measured at the issuance date using the Black-Scholes option pricing model which determines volatility using the calculated value method. A portion of the consideration paid for the common shares with attached warrants, equal to the fair value of the warrants, is credited to warrant reserve, with the remaining consideration credits to share capital.

The consideration paid by the holder upon exercise of the warrants and the fair value of the options exercised, previously recorded in warrant reserve, are added to share capital.

On expiration, the grant date value of the warrants is reclassified to deficit.

g) *FLOW-THROUGH SHARES*

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares or the price at which the share, without the flow through feature, would be offered if no quoted price is available, and the amount the investor pays for the shares. A deferred flow through share premium liability is recognized for the difference. The liability is reversed when the expenditures are renounced and is recognized as a deferred tax recovery. The renunciation also gives rise to a deferred tax timing difference between the carrying value and the tax value of the qualifying expenditure.

h) *INCOME TAXES*

Income taxes expense comprises current and deferred income taxes. Income taxes expense is recognized in the statements of loss except to the extent that it relates to items recognized directly in equity.

Current income taxes are the expected taxes payable or recoverable on the taxable income or loss, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

The Company accounts for deferred income taxes under the asset and liability method. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences).
Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the period in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

i) *NET LOSS PER SHARE*

Net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period.

Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation.

Loss per share for the periods presented exclude the impact of issued and outstanding stock options and warrants as their effect would be anti-dilutive.

j) *PROVISIONS*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense (“notional interest”).

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed. The Company presently does not have any amounts considered to be provisions.

Rehabilitation provisions
The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of its exploration assets. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration assets and amortized over the useful life of these assets. Management is currently not aware of any existing significant legal or constructive obligations relating to the reclamation of its interest in exploration assets and therefore no such liability has been recorded on December 31, 2021 and 2020.

Share-based payments
The Company follows the fair value method of accounting for stock option awards granted to employees, directors and consultants. The fair value of stock options is estimated by the Black-Scholes option pricing model with assumptions for risk-free interest rate, dividend yield, volatility of the expected market price of the Company's common shares and an expected life of the options. The number of stock option awards expected to vest are estimated using a forfeiture rate based on historical experience and future expectations.

Option-pricing models require the use of highly subjective estimates and assumptions including the expected share price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measurement of the fair value of the Company's stock options.

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.

The Company uses graded amortization which specifies that each vesting tranche must be accounted for as a separate arrangement with a unique fair value measurement. Each vesting tranche is subsequently amortized separately and in parallel from the grant date.

The Company uses a similar method of determining the fair value of warrants as that described for stock options above. As warrants issued by the Company vest immediately upon issuance, the full fair value of warrants is recognized as a share-based payment upon issuance.

The fair value of direct payments of shares in exchange for non-monetary consideration is determined by reference to the issue price of the Company's shares for cash consideration in recent transactions with arm's length parties.

On expiry, the grant date value of stock options is reclassified to deficit.

k) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements, as well as estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Exploration and evaluation property assets
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration assets.

The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insurance and uninsured risks
- environmental risks and hazards
- government regulation and permitting delays
- infrastructure availability
- price volatility of publicly traded securities
- fluctuating metal prices

The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic reserves, including the ability to raise financing to develop future projects. Should this prove unsuccessful, the value included in the statement of financial position would be written off to operations. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined, future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

Estimation of rehabilitation provisions and asset retirement obligations and the timing of expenditure
The estimated future costs associated with legal and constructive obligations relating to the reclamation, rehabilitation and closure of exploration assets are updated annually during the life of a project to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations) and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Income, sales, withholding and other taxes
The Company is subject to income, sales, withholding and other taxes. Significant judgement is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, sales, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Share-based compensation
Management uses valuation techniques in estimating the fair value of stock options granted. The fair value is determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements and assumptions in relation to the expected life of the stock options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements. See Note 6.

Accounting changes
During the year ended December 31, 2021, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IFRS 9 and 16. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

New standards and interpretations not yet adopted
Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

(Expressed in Canadian dollars)

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 16 – Property, Plant and Equipment ("IAS 16") was amended. The amendments introduce new guidance, such that the proceeds from selling items before the related property, plant and equipment is available for its intended use can no longer be deducted from the cost. Instead, such proceeds are to be recognized in profit or loss, together with the costs of producing those items. The amendments are effective for annual periods beginning on January 1, 2022.

4. EXPLORATION AND EVALUATION PROPERTY

The Company's operations are within the mineral exploration sector and related to mining claims of the Cobequid Highlands Project near Londonderry, Nova Scotia.

	Acquisition Costs	Exploration Costs	Total
Balance – December 31, 2019	$ -	$ -	$ -
Claim registrations	19,189		19,189
Drilling		27,674	27,674
Geological		309,519	309,519
Grants received		(26,250)	(26,250)
Balance – December 31, 2020	**$ 19,189**	**$ 310,943**	**$ 330,132**
Claim registrations	18,590		18,590
Drilling		152,680	152,680
Geological		157,183	157,183
Grants received		(48,880)	(48,880)
Balance – December 31, 2021	**$ 37,779**	**$ 571,926**	**$ 609,705**

The geological exploration and evaluation assets include the capitalization of the following non-monetary transactions during the years ended December 31, 2021 and 2020:

- Geological services of $Nil (2020 - $275,000) of geological services were contributed by Technology Metals Inc. (Note 5) during the year ended December 31, 2021.
- Of the RSUs issued during the year ended December 31, 2020, 1,000,000 were issued in exchange for services related to the exploration and evaluation assets (Note 5). Accordingly, share-based compensation of $Nil (2020 - $25,000) in respect of these RSUs was capitalized to the exploration and evaluation assets.
- The share options issued during the year ended December 31, 2020 (Note 6) were issued to a director providing services related to the exploration and evaluation assets. Accordingly, $2,613 (2020 - $737) of share based compensation recognized in respect of these stock options was capitalized to the exploration and evaluation assets.

The property is subject to a 2% perpetual royalty on the return of economic resources (Note 12).

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Share capital consists of authorized common shares without par value. The following table summarizes the changes in share capital during the periods:

	Number of Shares	Share Capital
Balance – December 31, 2019	**20,000,000**	**$ 286**
Private placement shares (ii)	2,500,000	242,327
Contribution (iii)	-	275,000
Restricted share units issued and settled (iv)	2,000,000	50,000
Balance – December 31, 2020	**24,500,000**	**$ 567,613**
Private placement shares, net of issue costs (v)	1,904,000	454,375
Balance, immediately prior to RTO	26,404,000	$ 1,021,988
Shares exchanged on RTO (i)	5,546,295	1,386,575
Balance – December 31, 2021	**31,950,295**	**$ 2,408,563**

(i) Reverse Takeover Transaction

On November 10, 2021, Mongoose completed a reverse takeover transaction ("RTO") with Spark by way of share exchange pursuant to an agreement dated March 17, 2021 (the "Share Exchange Agreement"). In accordance with the Share Exchange Agreement, Mongoose had 9,403,000 pre-consolidation common shares issued and outstanding. Concurrent with closing of the RTO, Mongoose completed (i) a consolidation of its pre-consolidation common shares outstanding on a 1 for 2.85 basis, resulting in 3,299,294 post-consolidation common shares; (ii) a private placement of 1,747,001 flow through common shares (post-consolidation) at $0.30 per share for gross proceeds of $524,100; (iii) issued 500,000 common shares (post-consolidation) at a deemed issue price of $0.25 per share as a finder fee in connection with the RTO; and (iv) issued 26,404,000 common shares (post-consolidation) to Spark shareholders on a one-for-one basis to effect the Mongoose RTO.

In connection with the RTO, 325,544 options of the resulting issuer were issued to former option holders of Mongoose and 360,000 options of the resulting issuer were issued to former option holders of Spark in replacement of options previously outstanding by each company. Additionally, 102,737 warrants of the resulting issuer were granted to former warrant holders of Mongoose and 2,500,000 warrants of the resulting issuer were granted to former warrant holders of Spark in replacement of warrants previously outstanding by each company.

Following completion of the RTO, Mongoose is the resulting issuer and legally owns 100% of Spark, however Mongoose itself is controlled by the former shareholders of Spark, and the business carried on by Mongoose is the previous business of Spark. Following completion of the Transaction, the Company carries on the business of Spark.

Immediately after closing of the Transaction, there were 31,950,295 shares outstanding, of which 26,404,000 were held by the former shareholders of Spark (representing approximately 82.6% of the outstanding shares of the Company). Accordingly, this transaction was accounted for as a reverse acquisition where Spark is deemed to be the acquirer for accounting purposes.

(Expressed in Canadian dollars)

The reverse acquisition was accounted for under IFRS 2, “Share-based Payment” as Mongoose did not meet the definition of a business under IFRS 3. Accordingly, the fair value of the purchase consideration was accounted for at the fair value of the equity instruments granted by the shareholders of Spark to the shareholders and option holders of Mongoose. The fair value of the shares was determined based on the most reliable and observable fair value measure being the price per share as determined by the concurrent financing share price.

Based on the capital structure of the resulting issuer, the incremental net effect of the RTO was the economic equivalent of Spark issuing 5,546,295 common shares, 325,544 options and 102,737 warrants as consideration to complete the transaction. The excess of the fair value of this consideration over the fair value of the net assets of Mongoose acquired is considered a transaction cost of completing the RTO.

The fair value of the 5,546,295 common shares deemed to have been issued as consideration in connection with the RTO was estimated based on the Company’s concurrent financing issue price of $0.25 per share. The fair value of 325,544 options and 102,737 warrants deemed to have been issued as consideration with the RTO was estimated using the Black-Scholes option pricing model using the following weighted average assumptions; a share price of $0.25; an expected volatility of 124%; a risk-free rate of 1.07%; an exercise price of $0.285; an estimated remaining life of 2.31 years and a dividend yield of 0%.

The excess of the fair value of the RTO Transaction consideration over the fair value of the assets and liabilities acquired on November 10, 2021, is summarized in the following table:

Cash	$ 227,785
Cash – Mongoose financing proceeds	524,100
Amounts receivable and prepaid expenses	21,709
Exploration and evaluation asset	1
Amounts payable and accrued liabilities	(51,619)
Flow-through share premium liability	(87,350)
Net assets acquired	$ 634,626
Mongoose RTO listing cost	811,149
Total consideration paid	**$1,445,775**
Value of 5,546,295 common shares issued	$1,386,575
Value of 325,544 stock options	57,700
Value of 102,737 warrants	1,500
Total value of consideration	**$1,445,775**

No value was allocated to Mongoose’s Chu Chua exploration project, as the Company does not intend to pursue any work on the project and has terminated the option. The $811,149 excess of the consideration paid over net assets acquired, along with legal and accounting fees of $135,884, has been expensed in the statement of loss.

(ii) 2020 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. Each FT unit consisted of one flow-through common share and one common share purchase 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 related 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. An amount of $130,673 was recorded to the warrant reserve in relation to the warrants attached to each FT unit (Note 7).

The investors who purchased the FT units paid the consideration to Maximos and the $500,000 was due from Maximos on December 31, 2020 (Note 8) and was not reflected as cash flow from financing activity on the statement of cash flows until 2021, when it was received.

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

(iv) Restricted Share Units
On September 30, 2020, the Company issued 2,000,000 RSUs, which were subsequently settled through the issuance of 2,000,000 common shares on December 31, 2020. The common shares issued have been recorded in share capital at the $50,000 fair value of the RSUs issued. Of the $50,000 fair value, $25,000 was capitalized to exploration and evaluation assets 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.

(v) 2021 Private Placement
On October 27, 2021, the Company closed a non-brokered private placement of 1,904,000 common shares at a price of $0.25 per share, for total consideration of $476,000.

(vi) Escrow
As at December 31, 2021, 126,315 common shares and 19,737,000 common shares are held in escrow to be released at a rate of 15% of the original balance every six months.

6. STOCK BASED COMPENSATION

Pursuant to the Company’s share-based compensation program, directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company, enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 10 years and are subject to vesting provisions as determined by the Board of Directors of the Company.

On September 30, 2020, the Company granted a director of Spark 360,000 options exercisable at $0.025 for a five year period. The options vest in three tranches on each of the first, second and third anniversaries of the date of grant.

(Expressed in Canadian dollars)

The fair value of the options granted during the year ended December 31, 2020, 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:

Expected life	5 years
Expected volatility	119%
Expected 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.

During the year ended December 31, 2021, the Company recorded share-based payment expense of $2,613 (2020 - $737) related to these options, all of which were capitalized to exploration and evaluation assets.

A continuity of the Company's stock options for the years ended December 31, 2021 and 2020 is presented below:

	Number of Options Granted 31-Dec-21	Value of Vested Options	Exercise Price
Balance December 31, 2019	-	-	-
Stock options granted	360,000	$3,350	$0.050
Balance December 31, 2020	360,000	$3,350	$0.050
Stock options exchanged RTO	325,544	$57,700	$0.285
Balance December 31, 2021	685,544	$61,050	$0.162

As at December 31, 2021, the following stock options were outstanding:

Grant date	Expiry date	# of options issued and outstanding	# of options exercisable	Exercise price $	Weighted average remaining life (years)
9/30/20	September 25, 2025	360,000	120,000	0.050	3.74
11/10/21	November 28, 2024	325,544	325,544	0.285	2.91
		685,544	445,544	0.162	3.35

(Expressed in Canadian dollars)

7. WARRANTS

A summary of the warrants issued and outstanding for the years ended December 31, 2021 and 2020 is as follows:

	Number of Warrants Granted 31-Dec-21	Number of Warrants Exercisable 31-Dec-21	Value of Warrants	Exercise Price
Balance December 31, 2019	-	-	-	-
Warrants Issued	2,500,000	2,500,000	$130,673	$0.250
Balance December 31, 2020	2,500,000	2,500,000	$130,673	$0.250
Warrants exchanged RTO -Spark	102,737	102,737	$1,500	$0.285
Warrants expired	(102,737)	(102,737)	($1,500)	$0.285
Balance December 31, 2021	2,500,000	2,500,000	130,673	$0.250

The fair value of the warrants issued during the year ended December 31, 2020 was estimated at the December 30, 2020 issuance date based on the Black-Scholes pricing model, using the following assumptions:

Expected life	3 years
Expected volatility	119%
Expected 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.

The warrants outstanding as at December 31, 2021 had a remaining estimated life of 2 years.

8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

An amount of $500,000 was receivable from Maximos Metals Corp., on December 31, 2020, representing funds held in trust for flow through share subscriptions transacted just before the year ended December 31, 2020 (Note 5). The account was settled by installments in January and February of 2021. Maximos Metals Corp. reorganized during the year to become Technology Metals Inc. and held a 40.7% interest in the Company.

The following accounts were due to related parties on December 31, 2021 and 2020. They are non-interest bearing, unsecured and have no fixed terms of repayment:

	2021	2020
Due to 21Alpha	$ 10,740	$ 10,740
Due to Technology Metals Inc. (formerly, Maximos Metals Corp.)	$ 41,250	$ 55,192
	$ 51,990	**$ 65,932**

(Expressed in Canadian dollars)

During the year ended December 31, 2021, Technology Metals Inc. charged the Company $30,000 (2020 - $20,000) in Administration expenses. The Company also paid Cambridge Financial Services, an entity owned by a director and officer of the Company, $34,818 (2020 - $Nil) for Professional Fees. An amount of $54,000 (2020 - $Nil) was paid to 2501023 Nova Scotia Ltd, an entity owned by a director of the Company for professional fees. None of these amounts were outstanding or payable as at December 31, 2021.

During the year ended December 31, 2021, the Company paid John Shurko Inc., an entity wholly-owned by a director of the Company, $29,187 (2020 - $500) for geological services on its exploration and evaluation assets. These fees were capitalized as exploration and evaluation expenditures.

During the year ended December 31, 2021, share-based compensation of $2,613 (2020 - $50,737) was paid to directors and officers of the Company in exchange for services rendered.

During the year ended December 31, 2020, the Company purchased mining claims from 21Alpha for $18,169. This included a royalty agreement in relation to those claims.

During the year ended December 31, 2020, Maximos Metals Corp. contributed $275,000 of geological services (see Note 5).

9. INCOME TAXES

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

	2021	2020
Net loss before income taxes	$ (1,095,741)	$ (95,848)
Statutory tax rate	30.00 %	30.00 %
Expected income tax recovery	$ (329,000)	$ (28,754)
Non-deductible expenses	243,000	7,540
Other	(48,000)	(600)
Change in benefit of tax assets not recognized	134,000	21,814
Unrecognized non-capital losses	$ -	$ -

b) Deferred Income Taxes

Deferred taxes result from temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities:

	2021 $	2020 $
Non-capital loss carry-forwards	78,000	-
Mineral exploration property cost	(78,000)	-
Deferred income tax liability	-	-

(Expressed in Canadian dollars)

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2021 $	2020 $
Non-capital loss carry-forwards	351,000	79,000
Share issue costs	86,000	-
Mineral exploration property costs	49,000	-
Total	486,000	79,000

The Company has $351,000 in unused non-capital loss carry forwards, expiring between 2037 and 2041.

Deferred tax assets have not been recognized in respect of these items because it is not probably that future taxable profit will be available against which the Company can use the benefits.

10. FINANCIAL INSTRUMENTS

As all financial assets and liabilities are short-term, the carrying values are a reasonable approximation of fair value. The Company is exposed to various risks in relation to financial instruments, which are the same as the risks in the prior year. Following is a summary of the most significant financial risks.

(a) CREDIT RISK

Cash and sales tax recoverable amounts are exposed to credit risk. The Company maintains its cash invested in demand deposits at a major Canadian financial institution. The sales tax recoverable amounts consist of harmonized sales taxes due from the Federal Government of Canada. The Company believes that exposure to credit risk is low.

(b) LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company is not able to raise additional funds through financings. On December 31, 2021, the Company had cash of $1,128,794 to settle current liabilities of $389,127. As discussed in Note 12, the Company has a flow-through expenditure commitment of $763,100 that is required to be incurred by December 31, 2022.

(c) INTEREST RATE RISK

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(d) CURRENCY RISK

The Company has no significant financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and its functional currency is the Canadian Dollar. Cash is held in Canadian dollars and virtually all the Company's costs are denominated in Canadian dollars.

(e) *COMMODITY PRICE RISK*

The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of certain minerals and metals, particularly manganese.

11. CAPITAL MANAGEMENT

The capital of the Company consists primarily of its shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding, done primarily through equity financing, to support the exploration, development and exploration of mineral properties and maintain the necessary corporate and administrative functions to facilitate these activities. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. All equity financings require the approval of the Board of Directors.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes to the Company's approach to capital management during the years ended December 31, 2021 and 2020.

12. COMMITMENTS AND CONTINGENCIES

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

As part of the purchase of certain mining claims (Note 4), the Company is party to a royalty agreement with Technology Metals Inc., John Shurko Inc. and Gravel Developments Inc. to pay a 2% perpetual royalty on the return of economic resources found in relation to the claims. Under the terms of this agreement the 2% royalty will be split 65% to Technology Metals Inc, 17.5% to John Shurko Inc. and 17.5% to Gravel Developments Inc. As the triggering event has not occurred, no provision has been made in the financial statements.

During the year ended December 31, 2021, Mongoose Mining Ltd. issued flow-through shares for aggregate subscription proceeds of $524,100 immediately prior to conclusion of the RTO, with a commitment to incur the proceeds on eligible Canadian exploration expenditures prior to December 31, 2022. On December 31, 2021, $524,100 of the commitment had not yet been incurred. In addition, the Company has a remaining flow-through commitment of $239,000 as of December 31, 2021 with respect to a 2020 flow-through financing, which is required to be spent prior to December 31, 2022. The Company provided subscribers with indemnification for any tax liability that may arise if the Company is found to have not incurred the eligible Canadian exploration expenditures as required in accordance with the flow-through subscription agreements.

The Covid-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the various novel strains of coronavirus. These emergency measures, which have included the implementation of travel bans and mandated quarantine periods, have caused material disruption to businesses globally. The impact of the Covid-19 pandemic on the Company has been minimal to date, however the Company cannot accurately predict the impact it may have on its future operations and/or the ability of others to meet their obligations with the Company.

13. SUBSEQUENT EVENT

The Company is party to a purchase agreement, dated February 9, 2022, whereby it acquired 29 mineral claims in Nova Scotia from Canadian Goldcamps Corporation in exchange for 200,000 common shares. The property is subject to a 1.5% gross royalty.