



## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND MARCH 31, 2021**

**(UNAUDITED)**

### **NOTICE OF NO AUDITOR REVIEW**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by CPA Canada for a review of interim financial statements by an entity's auditor.

# MONGOOSE MINING LTD.

Condensed Interim Consolidated Statements of Financial Position

As at March 31, 2022

Unaudited

Expressed in Canadian Dollars	Notes	March 31, 2022	December 31, 2021
Assets		\$	\$
<b>Current assets</b>			
Cash		890,160	1,128,794
Amounts receivable		34,341	35,091
Prepaid expenses		29,073	17,895
Total current assets		953,574	1,181,780
<b>Non-current assets</b>			
Exploration and evaluation assets	4	711,020	609,705
Total non-current assets		711,020	609,705
<b>Total assets</b>		<b>1,664,594</b>	<b>1,791,485</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		81,129	178,798
Flow-through share premium liability	12	123,432	143,339
Due to related parties	8	82,819	66,990
Total current liabilities		287,380	389,127
<b>Equity</b>			
Share capital	5	2,448,563	2,408,563
Warrants	7	130,673	130,673
Share-based payment reserve	6	61,050	61,050
Deficit		(1,263,072)	(1,197,928)
<b>Total equity</b>		<b>1,377,214</b>	<b>1,402,358</b>
<b>Total equity and liabilities</b>		<b>1,664,594</b>	<b>1,791,485</b>

Going concern (Note 1)

Commitments and contingencies (Notes 4 and 12)

The financial statements were approved by the Board of Directors on May 27, 2022 and signed on its behalf by:

/s/ "Matthew Allas"

Director

/s/ "Terence Coughlan"

Director

See accompanying notes to the condensed interim consolidated financial statements

## MONGOOSE MINING LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
For the three months ended March 31, 2022 and 2021

*Unaudited*

Expressed in Canadian Dollars	Three months ended March 31,	
	2022	2021
	\$	\$
General and administrative expenses:		
Management compensation	(19,500)	(7,500)
Legal fees	(22,139)	(2,739)
Audit fees	-	(26,487)
Administration costs	(5,878)	(18,566)
Corporate development	(29,984)	-
Shareholder relations	(7,551)	-
Loss before other items	(85,051)	(55,291)
Other items:		
Flow-through share premium liability reversal	19,907	11,415
Total other items	19,907	11,415
Total (loss) and comprehensive (loss) for the period	(65,144)	(43,876)
<b>(Loss) per share</b>		
Basic and diluted (loss) per share	(0.002)	(0.002)
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	32,061,406	24,500,000

*See accompanying notes to the condensed interim consolidated financial statements*

## MONGOOSE MINING LTD.

Condensed Interim Consolidated Statements of Changes in Equity  
For the three months ended March 31, 2022 and 2021

*Unaudited*

Expressed in Canadian Dollars	Number of Shares	Share Capital	Warrants	Share-based Payment Reserve	Deficit
		\$	\$	\$	\$
Balance as at December 31, 2020	24,500,000	567,613	130,673	737	(103,687)
Net loss for the period	-	-	-	-	(43,876)
Balance as at March 31, 2021	24,500,000	567,613	130,673	737	(147,563)
Private placement subscriptions, net of costs	1,904,000	454,375	-	-	-
Equity exchange on completion of RTO	5,546,295	1,386,575	1,500	57,700	-
Warrants expired	-	-	(1,500)	-	1,500
Share-based compensation	-	-	-	2,613	-
Net loss for the period	-	-	-	-	(1,051,865)
Balance as at December 31, 2021	31,950,295	2,408,563	130,673	61,050	(1,197,928)
Shares issued to acquire property	200,000	40,000	-	-	-
Net loss for the period	-	-	-	-	(65,144)
Balance as at March 31, 2022	32,150,295	2,448,563	130,673	61,050	(1,263,072)

*See accompanying notes to the condensed interim consolidated financial statements.*

## MONGOOSE MINING LTD.

Condensed Interim Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

*Unaudited*

Expressed in Canadian Dollars	Notes	Three months ended March 31,	
		2022 \$	2021 \$
<b>Cash flows (used in) operating activities</b>			
(Loss) for the period		(65,144)	(43,876)
Adjustments for non-cash items:			
Flow-through share premium liability reversal		(19,907)	-
		(85,051)	(43,876)
<b>Movements in working capital</b>			
(Increase) in amounts receivable		(10,428)	-
(Decrease) in amounts payable		(81,840)	(20,359)
Net cash (used in) operating activities		(177,319)	(64,235)
<b>Cash flows (used in) investing activities</b>			
Investment in exploration and evaluation assets	4	(61,315)	-
Net cash flows (used in) investing activities		(61,315)	-
<b>Cash flows from financing activities</b>			
Funds received from related party	5	-	500,000
Net cash flows from financing activities		-	500,000
Net (decrease)/increase in cash		(238,634)	435,765
Cash at the beginning of the period		1,128,794	2,945
Cash at the end of the period		890,160	438,710

*See accompanying notes to the condensed interim consolidated financial statements.*

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

### 1. NATURE OF OPERATIONS AND GOING CONCERN

Mongoose Mining Ltd. (“Mongoose” or the “Company”) 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 Securities Exchange (the “CSE”) under the symbol “MNG”. On November 10, 2021, Mongoose completed a reverse takeover transaction (the “RTO”), pursuant to which it acquired all of 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 RTO 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.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As of March 31, 2022, the Company had not yet determined whether the Company’s mineral property assets contain 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 condensed interim 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 three months ended March 31, 2022, 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 assumptions were inappropriate.

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. This resulted in significant economic uncertainty and governments worldwide enacted emergency measures to contain the spread of the virus. Global financial markets have experienced significant volatility as a consequence of this uncertainty. 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.

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

### 2. BASIS OF PREPARATION

These condensed interim consolidated financial statements reflect the financial position, statement of loss and comprehensive loss, equity and cash flows related to assets and liabilities of the Company and entities controlled by the Company (its subsidiaries).

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board on a basis consistent with the accounting policies disclosed in the consolidated financial statements of the Company for the year ended December 31, 2021. The accounting policies set out below were consistently applied to all periods presented, unless otherwise noted.

These condensed interim consolidated financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS.

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for those items carried at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except cash flow information.

Certain comparative figures have been reclassified to conform with the presentation adopted for the current period.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements were prepared on a basis consistent with the accounting policies disclosed in the consolidated financial statements of the Company for the year ended December 31, 2021, as set out in Note 3 thereof.

#### *Basis of consolidation*

These condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the condensed interim consolidated statement of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. All material intra-Company transactions, balances, income and expenses are eliminated on consolidation.

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 RTO. As a result of the RTO, these condensed interim consolidated financial statements are presented with Spark as the continuing entity. The comparative figures as at and for the three months ended March 31, 2021 are those of Spark.

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

### 4. EXPLORATION AND EVALUATION PROPERTY

The Company's operations are within the mineral exploration sector and relate primarily to IOCG prospective mineral claims in the Cobequid Highlands of central Nova Scotia. The property is subject to a 2% perpetual royalty on the return of economic resources.

	Acquisition costs	Exploration costs	Total
	\$	\$	\$
Balance, December 31, 2020	19,189	310,943	330,132
Additions:			
Claims registrations	5,560	-	5,560
Geological	-	40,035	40,035
	5,560	40,035	45,595
Balance, March 31, 2021	24,749	350,978	375,727
Additions:			
Claims registrations	13,030	-	13,030
Drilling	-	152,680	152,680
Geological	-	117,148	117,148
Grants received	-	(48,880)	(48,880)
	13,030	220,948	233,978
Balance, December 31, 2021	37,779	571,926	609,705
Additions:			
Acquisition of Mt. Thom	40,000	-	40,000
Claims registrations	2,170	-	2,170
Geological	-	59,145	59,145
	42,170	59,145	101,315
Balance, March 31, 2022	79,949	631,071	711,020

The geological exploration and evaluation assets include the capitalization of the following non-monetary transaction during the three months ended March 31, 2022.

On February 9, 2022, the Company acquired 29 mineral claims in Nova Scotia from Canadian Goldcamps Corporation in exchange for 200,000 common shares at a deemed value of \$40,000. The acquired property is subject to a 1.5% gross royalty.

Refer also to Note 8.



# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(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	Amount \$
Balance at December 31, 2020 and March 31, 2021	24,500,000	567,613
Private placement shares, net of issue costs	1,904,000	454,375
Balance, immediately prior to RTO	26,404,000	1,021,988
Shares exchanged on RTO	5,546,295	1,386,575
Balance at December 31, 2021	31,950,295	2,408,563
Shares issued for property acquisition	200,000	40,000
Balance at March 31, 2022	32,150,295	2,448,563

(i) 2022 - 200,000 new common shares issued

On February 9, 2022, the Company issued 200,000 shares at a deemed issue price of \$0.20 per share for total consideration of \$40,000 to acquire the Mt. Thom Project in Nova Scotia.

(ii) Reverse Takeover Transaction

On November 10, 2021, Mongoose completed the RTO with Spark pursuant to the Share Exchange Agreement. Prior to the RTO, 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 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.

Immediately after closing of the RTO, there were 31,950,295 common 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 whereupon Spark is deemed to have been the acquirer for accounting purposes.

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, option holders and warrant holders of Mongoose. The fair value of the shares was determined

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

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 as part of 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 consideration over the fair value of the assets and liabilities acquired on November 10, 2021, is summarized in the following table:

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
<b>Total value of consideration</b>	<b>\$ 1,445,775</b>
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
RTO listing cost	811,149
<b>Total consideration paid</b>	<b>\$ 1,445,775</b>

No value was allocated to Mongoose's Chu Chua exploration project, as the Company 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, was expensed in the statement of loss.

(iii) 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 gross proceeds of \$476,000.

(iv) Escrow

As at March 31, 2022, 126,315 common shares held by founders are subject to escrow, half of which will be released on May 28, 2022, and half of which will be released on November 28, 2022.

As at March 31, 2022, 19,737,000 common shares held by related parties of Spark are subject to escrow, 3,289,500 of which will be released every six months, with the next scheduled release date being May 19, 2022.

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

### 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.

On September 30, 2020, the Company granted a director of Spark 360,000 options exercisable at \$0.05 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.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model 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

A continuity of the Company's stock options for the periods ended December 31, 2021 and March 31, 2022 is presented below:

	Number of Options Granted at <u>March 31, 2022</u>	Estimated Grant Date <u>Fair Value</u> \$	<u>Exercise Price</u> \$	<u>Expiry Date</u>
Balance, December 31, 2020 and March 31, 2021	360,000	3,350	0.050	September 30, 2025
Stock options exchanged pursuant to RTO	325,544	57,700	0.285	November 28, 2024
Balance, December 31, 2021 and March 31, 2022	685,544	61,050	0.162	

### 7. WARRANTS

A summary of the warrants issued and outstanding for the periods ended December 31, 2021 and March 31, 2022 is as follows:

	Number of Warrants exercisable at <u>March 31, 2022</u>	Value of Warrants \$	Weighted average <u>Exercise Price</u> \$	<u>Expiry Date</u>
Balance, December 31, 2020 and March 31, 2021	2,500,000	130,673	0.250	December 31, 2023
Warrants exchanged pursuant to RTO	102,737	1,500	0.285	November 27, 2021
Warrants expired	(102,737)	(1,500)	0.285	November 27, 2021
Balance, December 31, 2021 and March 31, 2022	2,500,000	130,673	0.250	

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

### 8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following balances were due to related parties on March 31, 2022 and December 31, 2021. They are non-interest bearing, unsecured and have no fixed terms of repayment.

	March 31, 2022	December 31, 2021
	\$	\$
21Alpha	10,740	10,740
2501023 NS Ltd.	20,700	-
Cambridge Financial Services	4,025	15,000
John Shurko Inc	6,104	-
Technology Metals Inc.	41,250	41,250
	<u>82,819</u>	<u>66,990</u>

During the three months ended March 31, 2022, 2501023 NS Ltd., a company controlled by an officer and director of the Company, charged the Company \$18,000 (March 31, 2021 - \$18,000) for management services. Of these fees, \$9,000 (March 31, 2021 - \$18,000) were capitalized as exploration and evaluation expenditures.

During the three months ended March 31, 2022, Cambridge Financial Services, a company controlled by an officer and director of the Company, charged the Company \$10,500 (March 31, 2021 - \$Nil) for management services.

During the three months ended March 31, 2022, Cambridge Financial Services charged the Company \$1,053 (March 31, 2021 - \$17,868) for financial administration services.

During the three months ended March 31, 2022, John Shurko Inc., an entity affiliated with 21Alpha, a significant shareholder of the Company, charged the Company \$15,000 (March 31, 2021 - \$1,065) for geological services related to its exploration and evaluation assets. These fees were capitalized as exploration and evaluation expenditures.

During the three months ended March 31, 2022, Technology Metals Inc. (formerly Maximos Metals Corp.), a significant shareholder of the Company, charged the Company \$Nil (March 31, 2021 - \$7,500) for administrative services.

### 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 period. The 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 two major Canadian financial institutions. 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.

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

*(b) LIQUIDITY RISK*

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they come 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 impacted if the Company is not able to raise additional funds through financings. On March 31, 2022, the Company had cash of \$890,160 to settle current liabilities of \$287,380. As discussed in Note 12, the Company has flow-through expenditure commitments of \$668,427 that are 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 nature 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 of 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.

### 11. CAPITAL MANAGEMENT

The capital of the Company consists primarily of 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 equity 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 three months ended March 31, 2022 and 2021.

### 12. COMMITMENTS AND CONTINGENCIES

The Company's mineral 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.

# MONGOOSE MINING LTD.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022 AND 2021

(Expressed in Canadian dollars)

---

As part of the purchase of certain mineral claims (Note 4), the Company is party to a royalty agreement with Technology Metals Inc., John Shurko Inc. and Gravel Developments Inc. requiring the Company 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 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 closing the RTO, with a commitment to incur the proceeds on eligible Canadian exploration expenditures prior to December 31, 2022. On March 31, 2022, \$524,100 of the commitment had not yet been incurred. In addition, the Company has a remaining flow-through commitment of \$144,327 as of March 31, 2022 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 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.