



**MONGOOSE**  
MINING LTD

**Management's Discussion and Analysis**

For the year ended December 31, 2022

## **Mongoose Mining Ltd.**

Management's Discussion and Analysis  
For the year ended December 31, 2022

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*Dated: April 27, 2023*

### **General**

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes thereto of Mongoose Mining Ltd. ("Mongoose" or the "Company") for the year ended December 31, 2022, which are available under the Company's profile on [www.sedar.com](http://www.sedar.com).

All currency amounts in this MD&A are in Canadian dollars, unless otherwise indicated.

This MD&A contains forward-looking information.

### **Company Overview**

The Company is a mineral acquisition and exploration company with mineral rights in eastern Canada. The Company is principally focused on the exploration and evaluation of Iron-Oxide Copper Gold Cobalt ("IOCG") deposits in the Cobequid Highlands of central Nova Scotia. Additionally, the Company holds a gold exploration property in New Brunswick. As at the date of this MD&A, the Company had not yet determined whether its mineral interests involve potential that is economically recoverable.

The Company was incorporated on January 16, 2019 under the laws of the province of British Columbia. Effective August 12, 2022, the Company was continued to the laws of the province of Ontario under the Business Corporations Act (Ontario). The Company's registered address is 55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7.

On November 28, 2019, the Company completed its Initial Public Offering (the "IPO") and commenced trading on the Canadian Securities Exchange (the "CSE") under symbol "MNG".

On November 10, 2021, Mongoose completed a reverse takeover transaction (the "RTO") with Spark Minerals Inc. ("Spark"), a mineral exploration company with mineral rights in eastern Canada, whereby each Spark common share was exchanged for one post-consolidation share of Mongoose. Concurrent with completion of the RTO, Mongoose consolidated its common shares based on one post-consolidation common share for every 2.85 pre-consolidation common share. The RTO also included a concurrent equity private placement of 3,651,001 post-consolidation common shares, providing approximately \$1 million in additional equity. While Mongoose is the legal parent of the resulting issuer, Spark was considered the acquirer for accounting purposes, as the former shareholders of Spark owned a majority interest in the resulting issuer on completion of the RTO. Following the RTO, Mongoose carries on the business of Spark.

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### **Operations**

The Company, through its subsidiary Spark, is principally focused on the exploration and development of IOCG deposits in the Cobequid Highlands of central Nova Scotia (referred to herein as the "Property"). The Cobequid-Chedabucto Fault Zone ("CCFZ") is a large crustal fault system within the Cobequid Highlands.

The Property currently consists of 54 Licences in Nova Scotia containing 918 claims (14,871 hectares). Separately, the Company also holds 4 Licences in New Brunswick containing 80 claims (1,798 hectares) considered prospective for gold. All of the Company's Licences in Nova Scotia and New Brunswick are in good standing.

In 2007, Minotaur Exploration Limited ("Minotaur") identified the CCFZ and associated iron oxide deposits as an IOCG style system. Minotaur completed extensive work programs including regional gravity, VTEM, magnetic and geochemical surveys and successfully identified high-priority drill targets. Due to the impact caused by the 2008 financial crisis, Minotaur ceased exploration activities on the Property, leaving these targets yet to be drilled.

Building on a foundation of Minotaur's work, Mongoose has applied data from recent Nano Spectral Advanced Exploration Geophysics (new satellite technology) that further outlined anomalies believed to be subsurface gold and copper mineralized bodies. This work resulted in the generation of numerous new targets on the Property and an assessment of targets identified by Minotaur.

Additionally, utilizing a compilation of historical reports and Artificial Intelligence (AI) algorithms/machine learning from Mercator Geological Services, the Mongoose exploration team was able to generate new targets and to assess targets provided by Minotaur.

The (IOCG) model hosts a diverse suite of elements included in Canada's Critical Minerals Strategy (intended to boost the supply of critical minerals to grow domestic and global value chains for the green and digital economy), including various combinations of Cu, Gold, REE, F, P, Mo, Ag, Ba, Co and Ni. The principal characteristic features are hydrothermal ore styles, strong structural controls, and abundant Fe oxides with an Fe/Ti relationship. Recent drilling results demonstrate many of the characteristics for a potential IOCG discovery.

### **2022 Exploration Activities**

#### ***Bass River – IOCG***

A drill program comprising seven holes and 1,826 metres of drilling was completed in September. All core was logged and 413 samples including QA/QC inserts were delivered to AGAT Laboratories for 58 element ICP-OES analysis and gold by fire assay.

Four of the drill holes were intended to test geophysical anomalies generated in the mid-2000s by Minotaur. Three of these drill holes failed to intersect significant mineralization, however, the fourth intersected basaltic lithologies hosting elevated copper values. The Company believes this priority target area requires further evaluation to assess the location of a gravity anomaly and

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potential IOCG mineralization. Three other drill holes tested a recently discovered pyritic magnetite exposure (Fire Road prospect) and intersected elevated levels of cobalt.

The Fire Road prospect is along strike of the Company's Bass River Cobalt prospect drilled in 2021, located approximately 4 kilometres to the west. The area between these two prospects has untested potential for hosting cobalt. This untested, but priority region will be further explored to evaluate target locations for pending drilling campaigns.

The Company also conducted a high-definition UAV magnetic survey over the Bass River and East Folly Mountain properties. EarthEx Geophysical Solutions Inc. from Manitoba completed the work and modeled a 3D magnetic interpretation that will be used in defining drill targets.

#### ***Mt. Thom – IOCG***

The Mt. Thom copper-cobalt prospect was discovered by Imperial Oil in 1971. The IOCG-style model and cobalt mineralization was later recognized. With significant values of copper, cobalt and gold mentioned in historical reports, Mt. Thom remains a priority utilizing current geological knowledge.

Mineralized outcrop at Mt. Thom and sporadic core sampling have recently produced assays of up to 0.863% cobalt within historic 1.5% grading copper zones. A 2004 government study of twenty-nine core samples encountered cobalt values ranging from 157 ppm (0.0157%) to 8630 ppm (0.863%). (See press release - International Cobalt Corp. May 22, 2018)

A 542-point gravity survey by CSR Geosurveys was completed over the Mt. Thom prospect in October. The preliminary interpretation shows a significant 1.1 Mgal gravity anomaly 250 metres east of and adjacent to the known copper-cobalt mineralization drilled in the 1970s.

#### ***Pine Lake, East Folly Mountain – IOCG***

A 785 metre 4-hole drill program was conducted in November at East Folly Mountain to test nano-spectra derived targets. The area suggests a long, possibly folded target based on satellite interpretation. Core logging and sampling was completed in December. 16 samples were submitted to AGAT Laboratories in Mississauga for analysis, which is pending.

#### ***Sheba - Gold (New Brunswick)***

The Company contracted Prospectair to conduct an airborne MAG-TDEM survey at the Sheba Gold Property in New Brunswick. The program concluded in September and the results are currently being interpreted. The project has several significant historic gold results and the survey is expected to provide insight into the structural controls to better direct future exploration. The Company will conduct follow-up ground field work on interesting geophysical targets.

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### **Upcoming Exploration Activities**

Pending funding, the Mt. Thom copper-cobalt prospect will be the primary target of our 2023 exploration season in Nova Scotia. The IOCG-style copper/cobalt mineralization needs drilling to determine the extent of the known mineralization. With the discovery of the large-scale gravity anomaly adjacent to the known mineralized zone the drilling of this target needs to be completed to determine that the gravity anomaly may be a mineralized body.

Follow up geophysics should be performed in the Bass River area of the Nova Scotia claims to better define the magnetic anomaly that follows the cobalt trend in that area. Field work prospecting and mapping is ongoing for the rest of the Nova Scotia claims.

In New Brunswick follow up exploration and mapping will target the previous known gold locations on the Sheba property. Follow-up ground field work of the new Magnetic survey data will also be a priority this season.

The Company would like to acknowledge both the Nova Scotia and New Brunswick governments for providing financial assistance this past year. The company is planning to apply for financial assistance this coming year as well.

### **Royalties, Advance Royalty Payments and Conditions**

The Bass River, Londonderry and East Folly Mountain IOCG Project and Sheba claims have a 2% royalty attached to them, with no buy-back clause, for the benefit of Technology Metals Inc., Gravel Developments Inc., and John Shurko Inc. The Mt. Thom claims have a 1.5% royalty attached to them, for the benefit of Ryan Kult, who is arms length to the Company.

### **Qualified Person**

Terence F. Coughlan, P.Geo, the Company's Chief Executive Officer and a Qualified Person as defined by National Instrument 43-101, has reviewed and approved the scientific and technical information in this MD&A.

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## Results of Operations

During the year ended December 31, 2022, the Company recorded a net loss of (\$177,413), which included non-cash share-based compensation of (\$75,595) and other income of \$143,339 related to flow-through share premium liability reversal. The Company spent a total of \$784,267 in exploration and evaluation activities on its mineral properties during the year, in addition to acquiring the Mt. Thom property in Nova Scotia in February by way of the issuance of 200,000 common shares at a deemed cost of \$40,000.

During the year ended December 31, 2021, the Company recorded a net loss of (\$1,095,741), which included an \$811,149 listing cost related to the reverse takeover transaction between Mongoose and Spark.

During both years, the Company recorded no revenue and was focused on its mineral exploration and evaluation activities.

## Selected Annual Information

The following selected annual information has been derived from the consolidated financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

Expressed in Canadian dollars Except for per share amounts	Year ended Dec. 31, 2022 \$	Year ended Dec. 31, 2021 \$	Year ended Dec. 31, 2020 \$
Loss before taxation and other items	(324,075)	(355,603)	(133,998)
Net loss for the period	(177,413)	(1,095,741)	(125,998)
Net loss per common share	(0.006)	(0.043)	(0.002)
Total assets	1,613,340	1,791,485	4,725,807
Cash and cash equivalents	85,207	1,128,794	62,198
Shareholders' equity	1,340,540	1,402,358	4,403,828

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**Summary of Quarterly Results**

Expressed in \$000's, Except for per share amounts	Dec. 31 2022 \$	Sept 30 2022 \$	June 30 2022 \$	March 31 2022 \$	Dec. 31 2021 \$	Sept 30 2021 \$	June 30 2021 \$	March 31 2021 \$
Net (loss) income	(15)	(35)	(64)	(65)	(931)	(41)	(79)	(44)
Net (loss) income per share - basic and diluted	(0.001)	(0.001)	(0.002)	(0.002)	(0.040)	(0.000)	(0.000)	(0.000)
Total assets	1,613	1,618	1,707	1,665	1,791	814	716	790

**Liquidity and Capital Resources**

As at December 31, 2022, the Company had \$85,207 of cash and a working capital deficiency of (\$98,432).

**Share Capital**

As at December 31, 2022 and the date of this MD&A, the Company had 32,150,295 common shares outstanding. Of these, 13,158,000 common shares held by related parties of Spark were subject to escrow, 3,289,500 of which will be released every nine months, with the next scheduled release date being August 19, 2023.

As at December 31, 2022 and the date of this MD&A, the Company had 1,585,544 stock options outstanding, of which 325,544 options are exercisable at \$0.285 until November 17, 2024 and 360,000 options are exercisable at \$0.05 until September 30, 2025 and 900,000 options are exercisable at \$0.30 until June 1, 2027.

As at December 31, 2022 and the date of this MD&A, the Company had 2,500,000 warrants outstanding, each exercisable at \$0.25 until December 31, 2023.

**Off-Balance Sheet Arrangements**

The Company is not party to any off-balance sheet arrangements.

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### Related Party Transactions

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

	2022	2021
	\$	\$
21Alpha	10,740	10,740
2501023 NS Ltd.	62,100	-
Cambridge Financial Services	58,771	15,000
Technology Metals Inc.	41,250	41,250
	<u>172,861</u>	<u>66,990</u>

During the year ended December 31, 2022, 2501023 NS Ltd., a company controlled by an officer and director of the Company, provided the Company \$72,000 of management and geological services (2021 - \$54,000). Of these services, \$36,000 (2021 - \$54,000) were capitalized as exploration and evaluation expenditures.

During the year ended December 31, 2022, Cambridge Financial Services, a company controlled by a director of the Company, provided the Company \$14,000 of management services (2021 - \$9,200).

During the year ended December 31, 2022, Cambridge Financial Services also provided the Company \$49,686 of financial administration services (2021 - \$34,818).

During the year ended December 31, 2022, John Shurko Inc., an entity affiliated with 21Alpha, a significant shareholder of the Company, provided the Company \$60,000 of geological services (2021 - \$29,187). These services were capitalized as exploration and evaluation expenditures.

During the year ended December 31, 2022, Technology Metals Inc. (formerly Maximos Metals Corp.), a significant shareholder of the Company, charged the Company \$Nil (2021 - \$30,000) for administrative services.

### Trends

The Company is a mineral exploration company, focused on the exploration and acquisition of mineral exploration properties.

The Company's future performance and financial success is largely dependent on whether the Company can discover mineralization and the economic viability of developing the Company's properties. The Company has not produced any revenues to date. The sales value of any minerals discovered by the Company is dependent on several factors that are not within the Company's control, such as the market value of the commodities produced.

Global economic conditions at this time are volatile and the Company foresees this to continue, reflecting ongoing concerns over the global economy. There are also uncertainties regarding commodity prices and the availability of financing for the purposed of exploration and



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

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

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

The Company's critical accounting judgements, estimates and policies are described in notes 2 and 3 of its consolidated financial statements for the year ended December 31, 2022. Certain accounting policies are identified as critical because they require management to make judgements and estimates based on conditions and assumptions that are inherently uncertain, and because the estimates are of material magnitude to revenue, expenses, funds flow from operations, income or loss and/or other important financial results. These accounting policies could result in materially different results should the underlying conditions change or the assumptions prove incorrect.

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

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

### **Additional Information**

Additional information regarding the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including the audited annual consolidated financial statements of the Company for the years ended December 31, 2022 and 2021.

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### **Forward-Looking Statements**

This document contains certain forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause them to differ materially from those stated, anticipated or implied. Such forward-looking statements necessarily involve risks including, without limitation, those associated with mining exploration, property development, production, marketing and transportation, such as loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, production declines, health, safety and environmental risks, competition from other producers and the ability to access sufficient capital from internal and external sources. Forward-looking information typically includes statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company's securities not to place undue reliance on forward-looking information as, by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Forward-looking information typically involves substantial known and unknown risks and uncertainties, certain of which are beyond the Company's control. Such risks and uncertainties include, without limitation: financial risk of marketing reserves at an acceptable price given market conditions; volatility in market prices; delays in business operations; the risk of carrying out operations with minimal environmental impact; industry conditions including changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; uncertainties associated with estimating gold reserves; risks and uncertainties related to oil and gas interests and operations on aboriginal lands; economic risk of finding and producing reserves at a reasonable cost; uncertainties associated with partner plans and approvals; operational matters related to non-operated properties; increased competition for, among other things, capital, acquisitions of reserves and undeveloped lands; competition for and availability of qualified personnel or management; incorrect assessments of the value of acquisitions and exploration and development programs; unexpected geological, technical, drilling, construction, processing and transportation problems; availability of insurance; fluctuations in foreign exchange and interest rates; stock market volatility; general economic, market and business conditions; uncertainties associated with regulatory approvals; uncertainty of government policy changes; uncertainties associated with credit facilities and counterparty credit risk; changes in income tax laws; and other factors, many of which are outside the Company's control. The Company's actual results, performance or achievements could, therefore, differ materially from those expressed in, or implied by, these forward-looking estimates and whether or not any such actual results, performance or achievements transpire or occur, there can be no certainty as to what benefits or detriments the Company will derive therefrom.

The forward-looking information included herein is expressly qualified in its entirety by this cautionary statement. It is made as of the date hereof and the Company assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law.

## **Corporate Information**

### **BOARD OF DIRECTORS**

**Matthew Allas**  
Toronto, Ontario

**Terence Coughlan**  
Dartmouth, Nova Scotia

**John van Driesum**  
Victoria, British Columbia

**John Allan**  
St. John's, Newfoundland and Labrador

**Gerasimos Sklavounos Jr.**  
Montreal, Quebec

**David Alward**  
Riceville, New Brunswick

### **OFFICERS**

**Terence Coughlan**  
Chief Executive Officer

**Richard Pinkerton**  
Chief Financial Officer

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### **HEAD OFFICE**

55 University Ave., Suite 1805  
Toronto, ON  
M5J 2H7

### **AUDITOR**

McGovern Hurley LLP  
Toronto, Ontario

### **LEGAL COUNSEL**

Fogler, Rubinoff LLP  
Toronto, Ontario