MONGOOSE
MINING LTD

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND DECEMBER 31, 2021

McGovern Hurley

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 statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years 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.

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, 2022 and had 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.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

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.

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.

- 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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 27, 2023

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021

Expressed in Canadian Dollars	Notes	2022	2021
Assets		$	$
Current assets			
Cash		85,207	1,128,794
Amounts receivable		75,021	35,091
Prepaid expenses		14,140	17,895
Total current assets		174,368	1,181,780
Non-current assets			
Exploration and evaluation assets	**4/9**	1,433,972	609,705
Prepaid expenses	**8**	5,000	-
Total non-current assets		1,438,972	609,705
Total assets		1,613,340	1,791,485
Equity and liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**5**	99,939	178,798
Accounts payable due to related parties	**5/9**	172,861	66,990
Flow-through share premium liability	**12**	-	143,339
Total current liabilities		272,800	389,127
Equity			
Share capital	**6**	2,448,563	2,408,563
Warrants	**8**	130,673	130,673
Share-based payment reserve	**7**	136,645	61,050
Deficit		(1,375,341)	(1,197,928)
Total equity		1,340,540	1,402,358
Total equity and liabilities		1,613,340	1,791,485

Going concern (Note 1)
Commitments and contingencies (Notes 4 and 12)

Approved by the Board of Directors on April 27, 2023 and signed on its behalf by:

SI "Matthew Allas"	*SI "Terence Coughlan"*
Director	Director

See accompanying notes to the consolidated financial statements

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in Canadian Dollars	**Notes**	**2022**	**2021**
		$	**$**
General and administrative expenses:			
Management compensation	**9/10**	(50,000)	(38,965)
Share-based compensation	**7/10**	(75,595)	-
Legal fees		(46,370)	(116,998)
Audit fees		(44,968)	(105,501)
Corporate administration		(31,545)	(90,213)
Corporate development		(42,791)	(3,926)
Shareholder administration		(32,806)	-
(Loss) before other items		(324,075)	(355,603)
Other items:			
Flow-through share premium liability reversal	**13**	143,339	71,011
Interest income		3,323	-
Listing cost	**6**	-	(811,149)
Total other items		146,662	(740,138)
Total (loss) and comprehensive (loss) for the year		(177,413)	(1,095,741)
(Loss) per share			
Basic and diluted (loss) per share		(0.006)	(0.043)
Weighted average number of common shares outstanding			
Basic and diluted		32,128,377	25,541,000

See accompanying notes to the consolidated financial statements

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in Canadian Dollars	Number of Shares	Share Capital	Warrants	Share-based Payment Reserve	Deficit	Total
		$	$	$	$	$
Balance as at December 31, 2020	24,500,000	567,613	130,673	737	(103,687)	595,336
Private placement, 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) for the year	-	-	-	-	(1,095,741)	(1,095,741)
Balance as at December 31, 2021	31,950,295	2,408,563	130,673	61,050	(1,197,928)	1,402,358
Shares issued to acquire property	200,000	40,000	-	-	-	40,000
Share-based compensation	-	-	-	75,595	-	75,595
Net (loss) for the year	-	-	-	-	(177,413)	(177,413)
Balance as at December 31, 2022	32,150,295	2,448,563	130,673	136,645	(1,375,341)	1,340,540

See accompanying notes to the consolidated financial statements.

MONGOOSE MINING LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Expressed in Canadian Dollars	Notes	2022 $	2021 $
Cash flows (used in) operating activities			
(Loss) for the year		(177,413)	(1,095,741)
Listing cost	6	-	811,149
Share-based compensation	7	75,595	-
Flow-through share premium liability reversal	12	(143,339)	(71,011)
		(245,157)	(355,603)
Movements in working capital			
(Increase) in amounts receivable		(36,175)	(5,832)
Increase in accounts payable and accrued liabilities		27,012	101,250
Net cash (used in) operating activities		(254,320)	(260,185)
Cash flows (used in) investing activities			
Exploration and evaluation expenditures	4	(817,267)	(307,249)
Exploration grants received	4	33,000	48,880
Prepaid exploration expenditures		(5,000)	-
Cash acquired in RTO		-	722,560
Net cash (used in) investing activities		(789,267)	464,191
Cash flows provided by financing activities			
Due to related parties	9	-	(13,942)
Receipt of proceeds from 2020 financing		-	500,000
Issuance of common shares	6	-	476,000
Share issue costs	6	-	(21,625)
Net cash provided by financing activities		-	940,433
Net (decrease)/increase in cash		(1,043,587)	1,144,439
Cash at the beginning of the year		1,128,794	2,945
Cash at the end of the year		85,207	1,147,384
Supplemental information:			
200,000 shares issued to acquire Mt. Thom property	4/6	40,000	-
Shares, warrants and options issued in RTO	6	-	1,445,775
Stock option expense capitalized to exploration and evaluation assets	4	-	2,613

See accompanying notes to the consolidated financial statements

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. Effective August 12, 2022, the Company's corporate jurisdiction was continued to Ontario under the Business Corporations Act (Ontario). On November 28, 2019, Mongoose completed its Initial Public Offering (the "IPO") and its common shares commenced trading 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 6.

The Company's registered business address is 55 University Ave., Suite 1805, Toronto, Ontario, M5J 2H7.

The Company's principal business activities include the acquisition and exploration of mineral exploration and evaluation assets. As of December 31, 2022, the Company had not yet determined whether the Company's mineral exploration and evaluation 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 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, 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. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. 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 were inappropriate.

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").

b) *BASIS OF PRESENTATION*

On November 10, 2021, Mongoose acquired 100% of the issued and outstanding securities of Spark (Notes 1 and 6), 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 ("RTO"). As a result of the RTO, these consolidated financial statements are presented with Spark as the continuing entity. The comparative figures for the year ended December 31, 2021 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 JUDGEMENTS*

The preparation of the financial statements requires the Company's management to make judgements, 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 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 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.

b) CASH

Cash in the statement of financial position is comprised of cash on account at Canadian banks.

c) EXPLORATION AND EVALUATION ASSETS

All direct costs related to the acquisition and exploration of resource property interests are capitalized. Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to the exploration or evaluation of a mineral property. Exploration and evaluation assets are initially measured at cost and classified as tangible assets.

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 and amounts receivables 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, options and warrants 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 warrants 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, 2022 and 2021.

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 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.

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

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.

k) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements 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 judgements 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 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 and evaluation 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 7.

Contingencies
See Note 14.

l) *ACCOUNTING CHANGES*

During the year ended December 31, 2022, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IAS 16 and IAS 37. These new standards and changes did not have any material impact on the Company's consolidated financial statements.

m) 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, 2023. 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.

IAS 1 – In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 8 – In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates. The amendments are effective for year ends beginning on or after January 1, 2023.

IAS 12 – In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for year ends beginning on or after January 1, 2023.

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.

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.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

The Company's operations are within the mineral exploration sector and relate principally to exploring and assessing mineral claims of the Cobequid Highlands Project near Londonderry and Mt. Thom, Nova Scotia.

	Acquisition costs	Exploration costs	Total
	$	$	$
Balance, December 31, 2020	19,189	310,943	330,132
Additions:			
Claims registrations	18,590	-	18,590
Drilling	-	152,680	152,680
Geological	-	157,183	157,183
Grants received	-	(48,880)	(48,880)
	18,590	260,983	279,573
Balance, December 31, 2021	37,779	571,926	609,705
Additions:			
Acquisition of Mt. Thom	40,000	-	40,000
Claims registrations	-	9,377	9,377
Drilling	-	435,873	435,873
Geological	-	312,157	312,157
Technical consulting	-	25,411	25,411
Project management	-	34,449	34,449
Grants received	-	(33,000)	(33,000)
	40,000	784,267	824,267
Balance, December 31, 2022	77,779	1,356,193	1,433,972

The Company holds a 100% interest in all of its mineral claims, subject to the royalties referred to below.

The Cobequid Highlands Project is subject to a 2% perpetual royalty on the return of economic resources relating to the property (Note 14).

During 2022, $36,000 (2021 - $54,000) of management compensation was capitalized as exploration and evaluation expenditures.

The grants received in 2022 and 2021 were mineral exploration incentive grants from the provinces of Nova Scotia and New Brunswick.

The exploration and evaluation assets include the capitalization of the following non-monetary transactions during 2022 and 2021.

During 2022, $Nil (2021 - $2,613) of share-based compensation was capitalized as exploration and evaluation expenditure with respect to 360,000 options exercisable at $0.05 per share until September 30, 2025.

On February 9, 2022, the Company acquired 29 mineral claims in Nova Scotia (the "Mt. Thom Property") 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 to Note 6.

(Expressed in Canadian dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
	$	$
Trade payables	73,189	130,626
Accrued liabilities	26,750	48,172
Amounts due to related parties (Note 9)	172,861	66,990
	272,800	245,788

6. 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		24,500,000	567,613
Private placement shares, net of issue costs	(iii)	1,904,000	454,375
Balance, immediately prior to RTO		26,404,000	1,021,988
Shares exchanged on RTO	(ii)	5,546,295	1,386,575
Balance at December 31, 2021		31,950,295	2,408,563
Shares issued for property acquisition	(i)	200,000	40,000
Balance at December 31, 2022		32,150,295	2,448,563

(i) 2022 - 200,000 common shares issued

On February 9, 2022, the Company issued 200,000 shares at an issue price of $0.20 per share, based on the quoted price of the Company's shares at the time of issue, for total consideration of $40,000 to acquire the Mt. Thom property in Nova Scotia. See Note 4.

(ii) Reverse Takeover Transaction

On November 10, 2021, Mongoose completed the 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 RTO, the Company carries on the business of Spark.

(Expressed in Canadian dollars)

Immediately after closing of the RTO, 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.

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 granted	57,700
Value of 102,737 warrants issued	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, were expensed in the statement of loss.

(Expressed in Canadian dollars)

(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 total gross consideration of $476,000, prior to share issue costs of $21,625.

(iv) Escrow

As at December 31, 2022, 13,158,000 common shares of the Company held by related parties of Spark were subject to escrow, 3,289,500 of which will be released every six months, with the next scheduled release date being May 19, 2023.

7. SHARE-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 June 1, 2022, the Company granted 900,000 options to directors and officers of the Company, exercisable at $0.30 for a five year period. The options vest quarterly over a period of two years. The grant date fair value of these options was estimated at $112,532. The following assumptions were used in calculating the fair value of options granted, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 124%, risk-free interest rate of 0.93%, share price of $0.16 and an expected life of 5 years. The Company recognized $75,595 (2021 – $Nil) to share-based compensation in 2022 with respect to these options.

As at December 31, 2022, the Company had the following outstanding stock options.

Number of Options Outstanding	Number of Options Exercisable	Number of options exercisable	Exercise Price	Expiry Date
			$	
360,000	360,000	240,000	0.050	September 30, 2025
325,544	325,544	325,544	0.285	November 28, 2024
900,000	337,500	337,500	0.300	June 1, 2027
1,585,544	1,023,044	903,044		

As at December 31, 2022, the weighted average exercise price of the stock options outstanding was $0.24 per share and the weighted average remaining life of such stock options was 3.5 years.

The following table summarizes stock option activity for the years ended December 31, 2022 and 2021.

	Number of options outstanding	Grant Date Fair Value	Exercise Price	Expiry Date
		$	$	
Balance, December 31, 2020	360,000	3,350	0.050	September 30, 2025
Stock options exchanged pursuant to RTO (Note 6)	325,544	57,700	0.285	November 28, 2024
Balance, December 31, 2021	685,544	61,050	0.162	
Stock options granted	900,000	112,532	0.300	June 1, 2027
Balance, December 31, 2022	1,585,544	173,582		

(Expressed in Canadian dollars)

The following table summarizes share-based payment reserve activity for the years ended December 31, 2022 and 2021.

	$
Balance, December 31, 2020	737
Stock options exchanged pursuant to RTO (Note 6)	57,700
Share-based compensation (Note 4)	2,613
Balance, December 31, 2021	61,050
Share-based compensation	75,595
	136,645

In the year ended December 31, 2022, $Nil (2021 - $2,613) of share-based compensation (relating to stock options) was capitalized as exploration and evaluation expenditures. See Note 4.

8. WARRANTS

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

Number of Options Outstanding	Number of Options Exercisable	Number of options exercisable	Exercise Price	Expiry Date
			$	
360,000	360,000	240,000	0.050	September 30, 2025
325,544	325,544	325,544	0.285	November 28, 2024
900,000	337,500	337,500	0.300	June 1, 2027
1,585,544	1,023,044	903,044		

The grant date fair value of the 2,500,000 warrants outstanding on December 31, 2022 was estimated at $130,673. The following assumptions were used in estimating the grant date fair value of the warrants, using the Black-Scholes option pricing model: expected dividend yield of 0%, expected volatility of 119%, risk-free interest rate of 0.23%, share price of $0.10 and an expected life of 3 years.

The 2,500,000 warrants outstanding as at December 31, 2022 had a remaining life of 1 year.

9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

The following amounts were due to related parties as at 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
	172,861	66,990

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.

(Expressed in Canadian dollars)

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 $19,749 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. See also Notes 4 and 13.

The Company is subject to a 2% perpetual royalty on the return of economic resources relating to the Cobequid Highlands Project, payable to Technology Metals Inc., John Shurko Inc., and Gravel Developments Inc. See Notes 4 and 14.

10. Compensation of Key Management Personnel

The remuneration of directors and other key management personnel (i) during the years ended December 31, 2022 and 2021 was as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Short term compensation (ii)	$ 86,000	$ 54,000
Share-based compensation (iii)	75,595	2,613
	$ 161,595	$ 56,613

(i) In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.
(ii) Short-term compensation includes cash based salaries, bonuses and allowances, employment benefits and directors' fees.
(iii) Share-based compensation includes stock option expense recognized during the period.

In 2022, $36,000 (2021 - $54,000) of short-term compensation was capitalized as exploration and evaluation expenditures. See Note 4.

In 2022, $Nil (2021 - $2,613) of share-based compensation was capitalized as exploration and evaluation expenditures. See Notes 4 and 7.

As at December 31, 2022, $54,000 (2021 - $Nil) of short-term compensation remained payable to key management personnel. This amount is unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars)

11. Income Taxes

a) Provision for Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 27.5% (2021 - 30%) to the effective tax rate is as follows:

	2022 $	2021 $
Loss before income taxes	(177,413)	(1,095,741)
Expected income tax recovery based on statutory rate	(49,000)	(329,000)
Adjustments to expected income tax recovery:		
Share-based compensation	20,000	-
Flow-through renunciation	202,000	-
Expenses not deductible for tax purposes	-	243,000
Flow-through premium reversal	(43,000)	(21,000)
Share issue costs	(16,000)	(27,000)
Change in benefit of tax assets not recognized	(114,000)	134,000
Deferred income tax provision (recovery)	-	-

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:

	2022 $	2021 $
Recognized deferred tax assets and liabilities		
Non-capital loss carry-forwards	263,000	78,000
Mineral Property costs	(263,000)	(78,000)
Deferred income tax liability	-	-

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

	2022 $	2021 $
Unrecognized deferred tax assets		
Non-capital loss carry-forwards	71,000	351,000
Share issue costs	117,000	86,000
Mineral Property costs	-	49,000
Other temporary difference	40,000	-
Deferred income tax liability	228,000	486,000

The tax losses expire from 2036 to 2042. The other temporary differences do not expire under current legislation.

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

12. 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 amounts receivable are exposed to credit risk. The Company maintains its cash invested in demand deposits at a major Canadian bank. The amounts receivable consist of harmonized sales taxes due from the 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, 2022, the Company had cash of $85,207 to settle current liabilities of $272,800.

(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 mineral properties and the future profitability of the Company is directly related to the market price of certain minerals and metals.

13. 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 to 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, 2022 and 2021.

14. COMMITMENTS AND CONTINGENCIES

The Company's mineral 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 mineral claims relating to the Cobequid Highlands Project (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 2021, the Company 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. As at December 31, 2021, $524,100 of the commitment had not yet been incurred. As at December 31, 2022, the Company had fulfilled the entire commitment. In addition, the Company had a remaining flow-through expenditure commitment of $239,000 as at December 31, 2021 with respect to a $500,000 flow-through financing in 2020, which entire commitment was fulfilled by December 31, 2022. Certain interpretations are required to assess the eligibility of flow-through expenditures that, if changed, could result in the denial of renunciation. 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.