

Musk Metals Corp.
Condensed Interim Consolidated Financial Statements
For the Six Months Ended September 30, 2021
(Unaudited)
(Expressed in Canadian Dollars)

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(Expressed in Canadian dollars)
(Unaudited)

<u>Index</u>	<u>Page</u>
Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements	1
Financial Statements:	
Condensed Interim Consolidated Statements of Financial Position	2
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss	3
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)	4
Condensed Interim Consolidated Statements of Cash Flows	5
Notes to the Condensed Interim Consolidated Financial Statements	6 - 15

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

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 the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Musk Metals Corp.
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited)

	Note	September 30, 2021	March 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash		1,330,921	580,050
Prepaid expenses	9	8,875	-
Sales tax recoverable and other receivables		27,873	8,866
Total current assets		1,367,669	588,916
Exploration and evaluation assets	4	2,211,601	1,987,922
Total assets		3,579,270	2,576,838
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	5	404,467	390,025
Due to related parties	9	104,950	57,125
Other liabilities	6	30,400	27,811
Total liabilities		539,817	474,961
SHAREHOLDERS' EQUITY			
Share capital	7	4,460,040	3,011,410
Reserve	8	1,009,114	856,908
Subscriptions received		-	89,450
Accumulated deficit		(2,429,701)	(1,855,891)
Total shareholders' equity		3,039,453	2,101,877
Total liabilities and shareholders' equity		3,579,270	2,576,838

Nature of operations and going-concern (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board:

Nader Vatanchi (signed)
Nader Vatanchi, Director

Mario Pezzente. (signed)
Mario Pezzente, Director

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

Musk Metals Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**

Expressed in Canadian dollars

(Unaudited)

		For the Three Months Ended		For the Six Months Ended	
	Note	September 30,		September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
EXPENSES					
Consulting		123,750	308,904	266,250	399,279
Corporate administration		1,880	5,520	7,834	7,300
Directors' fees	9	12,000	-	30,000	-
Interest and penalties (recovery)		-	(24)	-	1,123
Investor relations		-	5,645	-	5,645
Management fees	9	17,500	3,000	25,000	6,000
Office and miscellaneous		8,950	15,633	19,841	22,020
Professional fees		27,247	4,204	36,169	10,955
Share-based compensation	7	112,529	168,757	199,071	168,757
Shareholder communications		6,813	7,685	7,613	7,685
Transfer agent and filing fees		7,456	9,029	13,073	12,085
		(318,125)	(528,353)	(604,851)	(640,849)
OTHER ITEMS					
Settlement of flow-through liability	6	24,392	22,189	31,041	22,189
		24,392	22,189	31,041	22,189
NET LOSS AND COMPREHENSIVE LOSS		(293,733)	(506,164)	(573,810)	(618,660)
LOSS PER SHARE - Basic and diluted		(0.01)	(0.03)	(0.01)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - Basic and diluted		48,787,698	19,630,339	44,805,470	19,570,229

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

Musk Metals Corp.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**

Expressed in Canadian dollars

(Unaudited)

	Number	Share Capital	Reserve	Subscriptions Received	Deficit	Total
		\$	\$	\$	\$	\$
Balance, March 31, 2020	17,635,366	469,838	25,700	-	(609,200)	(113,662)
Units issued for cash	8,600,000	1,340,000	-	-	-	1,340,000
Share issuance costs	-	(116,174)	44,072	-	-	(72,102)
Common shares issued for exercise of stock options	350,000	135,023	(82,523)	-	-	52,500
Common shares issued for exploration and evaluation asset	200,000	30,000	-	-	-	30,000
Units issued for acquisition of 1258512 B.C. Ltd.	3,000,000	570,000	417,995	-	-	987,995
Flow-through share liability	-	(50,000)	-	-	-	(50,000)
Share-based compensation	-	-	168,757	-	-	168,757
Net loss and comprehensive loss	-	-	-	-	(618,660)	(618,660)
Balance, September 30, 2020	29,785,366	2,378,687	574,001	-	(1,227,860)	1,724,828
Balance, March 31, 2021	36,908,366	3,011,410	856,908	89,450	(1,855,891)	2,101,877
Units issued for cash	11,443,330	1,045,750	-	-	-	1,045,750
Share issuance costs	-	(78,908)	21,628	-	-	(57,280)
Common shares issued for exercise of warrants	5,128,500	256,425	-	(63,450)	-	192,975
Common shares issued for exercise of stock options	1,700,000	211,493	(68,493)	(26,000)	-	117,000
Common shares issued for exploration and evaluation assets	500,000	47,500	-	-	-	47,500
Flow-through share liability	-	(33,630)	-	-	-	(33,630)
Share-based compensation	-	-	199,071	-	-	199,071
Net loss and comprehensive loss	-	-	-	-	(573,272)	(573,272)
Balance, September 30, 2021	55,680,196	4,460,040	1,009,114	-	(2,429,163)	3,039,991

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

Musk Metals Corp.
Condensed Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited)

	For the Six Months Ended	
	September 30,	
	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(573,810)	(618,660)
Items not affecting cash:		
Settlement of flow-through liability	(31,041)	(22,189)
Share-based compensation	199,071	168,757
Change in non-cash working capital items:		
Prepaid expenses	(8,875)	(113,371)
Sales tax recoverable and other receivables	(19,007)	(31,128)
Due to related parties	26,825	(4,000)
Accounts payables and accrued liabilities	(42,453)	124,373
Cash flows used in operating activities	(449,290)	(496,218)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	(18,000)	(10,000)
Exploration and evaluation expenditures, net of tax credits	(80,284)	(88,754)
Cash flows used in investing activities	(98,284)	(98,754)
FINANCING ACTIVITIES		
Proceeds from issuance of units for cash, net of issuance costs	988,470	1,267,898
Proceeds from issuance of common shares for exercise of warrants	192,975	-
Proceeds from issuance of common shares for exercise of stock options	117,000	52,500
Proceeds from issuance of loans	-	92,000
Repayment of loans	-	(121,900)
Cash flows provided by financing activities	1,298,445	1,290,498
Change in cash	750,871	695,526
Cash, beginning of period	580,050	4,702
CASH, END OF PERIOD	1,330,921	700,228
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common shares issued for exploration and evaluation asset	47,500	30,000
Fair value of finder's warrants issued for share issuance costs	21,627	44,072
Units issued for acquisition of 1258512 B.C. Ltd.	-	987,995

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

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Musk Metals Corp. (“Musk” or the “Company”) was incorporated under the *Business Corporations Act* (British Columbia). On March 4, 2021, the Company changed its name from Gold Plus Mining Inc. to Musk Metals Corp. The principal business of the Company is the acquisition, exploration, and evaluation of mineral properties in Canada. The Company’s shares trade on the Canadian Securities Exchange under the symbol “MUSK”.

The address of its head office is located at Suite 2905 - 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1C6. The address of its registered office is 800 - 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”), which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2021, the Company had not yet achieved profitable operations. The Company expects to incur further losses in the development of its exploration assets. The continued operations of the Company are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses. These conditions represent a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements of the Company should be read in conjunction with the Company’s financial statements for the year ended March 31, 2021, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Approval of the financial statements

The condensed interim consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue on November 29, 2021 by the Board of Directors of the Company.

(c) Basis of preparation

The condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for certain financial assets carried at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars, the functional currency of the Company and its subsidiaries, unless otherwise noted.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

(d) Basis of consolidation

The Company's condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 1109692 B.C. Ltd., 1258512 B.C. Ltd., 1279810 B.C. Ltd., and Tonto Investments Inc. The subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entities and having the ability to affect those returns through its power over the entities. The subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases. All inter-company transactions, balances, income, and expenses are eliminated on consolidation.

(e) Use of estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

The preparation of these condensed interim consolidated financial statements require management to make judgments regarding the going concern of the Company, as discussed in Note 1, and the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Deferred tax assets and liabilities
- Carrying value and recoverability of exploration and evaluation assets

3. FUTURE ACCOUNTING STANDARDS, AMENDMENTS, AND INTERPRETATIONS

There are no other pending IFRSs or IFRIC interpretations that are expected to have a material impact on the Company's condensed interim consolidated financial statements.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

4. EXPLORATION AND EVALUATION ASSETS

Pluto Gold Prospect, Quebec

The Company has acquired the rights, through staking, to mineral claims located in the Chapais Township, Quebec, collectively known as the Pluto Gold Prospect.

McDonough Red Lake Prospect, Ontario

On May 20, 2020, the Company entered into a property option agreement to acquire a 100% interest in the McDonough Red Lake Prospect. The McDonough Red Lake Prospect consists of 4 claims in the Red Lake Greenstone Belt of northwestern Ontario. Under the terms of the agreement, the Company will pay \$2,000 (paid) and issue 200,000 common shares (issued) upon signing, \$8,000 (paid) within 30 days of signing, \$10,000 (paid) and 200,000 common shares within 12 months of signing (issued), \$15,000 on the second anniversary of signing and \$25,000 on the third anniversary of signing. The property is subject to a 1.5% Net Smelter Return (“NSR”) to the Vendor of which the Company has the right to purchase a 0.75% NSR for \$500,000.

Lawyers East and West Prospect, B.C.

On September 22, 2020, the Company acquired mineral claims located in the Golden Triangle region of British Columbia, collectively known as the Lawyers East and West Prospect in connection with the acquisition of 1258512 B.C. Ltd.

Lawyers North Prospect, B.C.

On January 4, 2021, the Company acquired mineral claims located in the Golden Triangle region of British Columbia, collectively known as the Lawyers North Prospect in connection with the acquisition of 1279810 B.C. Ltd.

Elon Lithium Prospect, Quebec

On March 25, 2021, the Company acquired mineral claims located in the La Corne and Fiedmont townships of Quebec, collectively known as the Elon Lithium Prospect in connection with the acquisition of Tonto Investments Inc. During the year ended March 31, 2021, the Company recognized an impairment of \$50,900 on the Elon Lithium Prospect.

Pakeagama Lithium Prospect, Ontario

On April 6, 2021, the Company entered into a property option agreement to acquire a 100% interest in the Pakeagama Lithium Prospect claims located in the Electric Avenue pegmatite field of northwestern Ontario. The property consists of four contiguous mining claims covering approximately 1,490 hectares. In order to acquire a 100% interest, the Company must pay:

- i) \$8,000 (paid) and issue 300,000 common shares (issued) within 3 business days of signing the property option agreement;
- ii) \$12,000 and issue 300,000 common shares on the first-year anniversary;
- iii) \$20,000 on the second-year anniversary; and
- iv) \$30,000 on the third-year anniversary.

The property is subject to a 1.5% Net Smelter Return (“NSR”) to the vendor, of which the Company has the right to purchase a 0.5% NSR for \$500,000.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

The Company has incurred costs on its exploration and evaluation assets as follows:

	Pluto Gold Prospect \$	McDonough Red Lake Prospect \$	Lawyers East, West and North Prospects \$	Elon Lithium Prospect \$	Pakeagama Lithium Prospect \$	Total \$
Balance, March 31, 2021	139,237	86,254	1,468,331	294,100	-	1,987,922
Acquisition costs	-	26,000	-	-	39,500	65,500
Exploration expenditures:	-	-	-	-	-	-
Geological	92,502	17,048	-	49,722	-	159,272
Mining tax credits received	(1,093)	-	-	-	-	(1,093)
Balance, September 30, 2021	230,646	129,302	1,468,331	343,822	39,500	2,211,601

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2021 \$	March 31, 2021 \$
Accounts payable	336,233	355,199
Accrued liabilities	68,234	34,826
	404,467	390,025

6. OTHER LIABILITIES

Other liabilities include the liability portion of the flow-through shares issued. The following is a continuity schedule of the liability portion of the flow-through share issuances:

Flow-through Liabilities	\$
Balance, March 31, 2021	27,811
Liability incurred on flow-through shares issued	33,630
Settlement of flow-through share liability on incurring expenditures	(31,041)
Balance, September 30, 2021	30,400

7. SHARE CAPITAL

(a) Authorized – Unlimited number of common shares without par value.

(b) Issued and Outstanding

Six months ended September 30, 2021:

On April 7, 2021, the Company issued 300,000 common shares with a fair value of \$31,500 pursuant to the property option agreement to acquire a 100% interest in the Pakeagama Lithium Prospect (Note 4).

On May 12, 2021, the Company issued 200,000 common shares with a fair value of \$16,000 pursuant to the property option agreement to acquire a 100% interest in the McDonough Red Lake Prospect (Note 4).

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

7. SHARE CAPITAL (continued)

(b) Issued and Outstanding (continued)

Six months ended September 30, 2021 (continued):

On July 28, 2021, the Company issued a total of 4,166,666 flow-through units at \$0.12 per unit, for gross proceeds of \$500,000. Each unit consists of one flow-through common share and one-half of one non-flow-through warrant, with each whole warrant exercisable into one common share at \$0.14 per share for a 2 year term. The Company paid cash finder's fees of \$46,000, issued 383,333 finder's warrants with a fair value of \$19,762 and incurred other financing costs of \$6,000. Each finder's warrant is exercisable into one common share at \$0.12 per share for a 2 year term.

On September 9, 2021, the Company issued a total of 7,276,664 non-flow-through units at \$0.075 per unit, for gross proceeds of \$545,750. Each unit consists of one common share and one warrant, with each warrant exercisable into one common share at \$0.10 per share for a 2 year term. The Company paid cash finder's fees of \$2,780, issued 37,066 finder's warrants with a fair value of \$1,866, and incurred other financing costs of \$2,500. Each finder's warrant is exercisable into one common share at \$0.10 for a 2 year term.

During the six months ended September 30, 2021, the Company issued a total of 1,700,000 common shares pursuant to the exercise of stock options with exercise prices ranging between \$0.07 per share and \$0.13 per share for total proceeds of \$143,000, of which \$26,000 was received prior to March 31, 2021.

During the six months ended September 30, 2021, the Company issued a total of 5,128,500 common shares pursuant to the exercise of warrants at \$0.05 per share for total proceeds of \$256,425, of which \$63,450 was received prior to March 31, 2021.

Six months ended September 30, 2020:

On May 25, 2020, the Company issued 200,000 common shares with a fair value of \$30,000 pursuant to the property option agreement to acquire a 100% interest in the McDonough Red Lake Prospect (Note 4).

On August 10, 2020, the Company issued 350,000 common shares pursuant to the exercise of stock options at an exercise price of \$0.15 per share for total proceeds of \$52,500.

On August 24, 2020, the Company issued a total of 5,030,000 non-flow through units at \$0.15 per unit, for gross proceeds of \$754,500 and a total of 700,000 flow through units at \$0.20 per unit, for gross proceeds of \$140,000. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at \$0.30 per share for a 2 year term. The Company paid cash finder's fees of \$37,820, issued 252,133 finder's warrants with a fair value of \$26,451 and incurred other financing costs of \$6,385. Each finder's warrant is exercisable into one common share at \$0.30 per share for a 2 year term.

On September 4, 2020, the Company issued a total of 2,570,000 non-flow through units at \$0.15 per unit, for gross proceeds of \$385,500 and a total of 300,000 flow through units at \$0.20 per unit, for gross proceeds of \$60,000. Each unit consists of one common share and one share purchase warrant, with each warrant exercisable into one common share at \$0.30 per share for a two-year term. The Company paid cash finder's fees of \$26,459, issued 168,395 finder's warrants with a fair value of \$17,620 and incurred other financing costs of \$1,438. Each finder's warrant is exercisable into one common share at \$0.30 per share for a 2 year term.

On September 22, 2020, the Company issued 3,000,000 units pursuant to a share purchase agreement to acquire a 100% interest 1258512 B.C. Ltd. Each unit consisted of one common share and one share purchase warrant, with each warrant exercisable into one common share at \$0.15 per share for a 3 year term.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

7. SHARE CAPITAL (continued)

(c) Stock options

The Company's incentive stock option plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements and limitations, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares.

	Number of Options	Weighted Average Exercise Price \$
Outstanding and exercisable, March 31, 2021	2,930,000	0.10
Granted	3,100,000	0.10
Exercised	(1,700,000)	0.08
Expired	(350,000)	0.09
Cancelled/Forfeited	(1,050,000)	0.13
Outstanding and exercisable, September 30, 2021	2,930,000	0.11

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended September 30, 2021, the Company recognized share-based compensation expense of \$199,071 (2020 - \$168,757) in reserve, of which \$143,955 (2020 - \$32,092) pertains to directors and officers of the Company.

The weighted average fair value of options granted during the six months ended September 30, 2021, was \$0.06 (2020 - \$0.09) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2021	2020
Risk-free interest rate	0.36%	0.27%
Dividend yield	0%	0%
Expected volatility	153%	136%
Expected life (years)	1.6	1.7
Forfeiture rate	0%	0%

As at September 30, 2021, the following stock options are outstanding and exercisable:

Number of Stock Options	Exercise Price \$	Expiry Date
1,900,000	0.095	August 13, 2023
600,000	0.115	April 1, 2022
430,000	0.15	July 10, 2022
2,930,000		

The weighted average stock price on the date of the exercise of stock options during the six months ended September 30, 2021, was \$0.10 (2020 - \$0.24) per share.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

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7. SHARE CAPITAL (continued)

(d) Share purchase warrants

	Number of Warrants	Weighted Average Exercise Price \$
Balance, March 31, 2021	29,697,528	0.14
Issued	9,780,396	0.11
Exercised	(5,128,500)	0.05
Balance, September 30, 2021	34,349,424	0.15

As at September 30, 2021, the Company had 34,349,424 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

Number of Warrants	Exercise Price \$	Expiry Date
3,300,000	0.10	January 4, 2022
5,982,133	0.30	August 24, 2022
3,038,395	0.30	September 4, 2022
383,333	0.12	July 28, 2023
2,083,333	0.14	July 28, 2023
7,313,730	0.10	September 9, 2023
3,000,000	0.15	September 22, 2023
9,248,500	0.05	April 19, 2027
34,349,424		

As at September 30, 2021, the weighted average remaining life of warrants outstanding was 2.48 years.

8. RESERVE

	September 30, 2021 \$	March 31, 2021 \$
Balance, beginning of period	856,908	25,700
Share-based compensation	199,071	243,251
Fair value of finder's warrants	21,628	44,072
Fair value of warrants issued for acquisition of 1258512 B.C. Ltd.	-	417,995
Fair value of warrants issued for acquisition of 1279810 B.C. Ltd.	-	157,986
Reclassification of fair value of stock options exercised	(68,493)	(32,096)
Balance, end of period	1,009,114	856,908

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

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9. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The Company considers key management personnel to be the directors and officers of the Company.

During the six months ended September 30, 2021, the Company incurred \$15,000 (2020 - \$nil) in management fees to a company controlled by the Chief Executive Officer of the Company, for services rendered.

During the six months ended September 30, 2021, the Company incurred \$10,000 (2020 - \$nil) in management fees to the Chief Financial Officer of the Company, for services rendered.

During the six months ended September 30, 2021, the Company incurred \$30,000 (2020 - \$nil) in directors' fees to companies controlled by Directors of the Company, for services rendered.

During the six months ended September 30, 2021, the Company incurred \$nil (2020 - \$6,000) in management fees to the former Chief Executive Officer of the Company, for services rendered.

During the six months ended September 30, 2021, the Company incurred \$10,000 (2020 - \$nil) in consulting fees to a company controlled by the father of the Chief Financial Officer of the Company, for services rendered.

Related party balances

As at September 30, 2021, the Company has a balance of \$12,125 (March 31, 2021 - \$2,625) payable to a company controlled by the Chief Executive Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at September 30, 2021, the Company has a balance of \$42,000 (March 31, 2021 - \$nil) payable to a company controlled by the father of the Chief Financial Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at September 30, 2021, the Company has a balance of \$6,950 (March 31, 2021 - \$10,625) payable to companies controlled by Directors of the Company. The amounts are unsecured, non interest-bearing and due on demand.

As at September 30, 2021, the Company has a balance of \$7,875 (March 31, 2021 - \$7,875) payable to a company controlled by the former Chief Financial Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at September 30, 2021, the Company has a balance of \$36,000 (March 31, 2021 - \$36,000) payable to the former Chief Executive Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at September 30, 2021, the Company has a balance of \$7,875 (March 31, 2021 - \$nil) in prepaid management fees to a company controlled by a Director of the Company, which is included in prepaid expenses.

10. FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited with a major bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

10. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and the advance of loans. The Company's access to equity financing is dependent upon market conditions and market risks. There can be no assurance of continued access to equity funding.

(c) Interest rate risk

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account and loans. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and fixed interest-bearing loans, therefore, interest rate risk is nominal.

(d) Capital management

The Company's policy is to maintain a capital base sufficient to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working capital and share capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

(e) Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

Financial assets and financial liabilities included in the statement of financial position are as follows:

	September 30, 2021 \$	March 31, 2021 \$
Cash	1,330,921	580,050
Accounts payable and accrued liabilities	404,467	390,025
Due to related parties	104,950	57,125

(f) Fair value

The Company's financial instruments are presented as level one within the fair value hierarchy as at September 30, 2021 and March 31, 2021, based on observable information and demand payment requirement.

Musk Metals Corp.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2021

(Expressed in Canadian dollars)

(Unaudited)

11. SEGMENTED INFORMATION

The Company and its subsidiary are considered to be operating in one operating segment, being the exploration of mineral resource properties. The Company's property and offices are located in Canada.

12. SUBSEQUENT EVENTS

- (a) Subsequent to the six months ended September 30, 2021, the Company issued a total of 460,000 common shares pursuant to the exercise of warrants at \$0.05 per share for proceeds of \$23,000.
- (b) On October 21, 2021, the Company entered into a Letter of Intent with Jinhua Capital Corporation ("Jinhua"), whereby it agreed to option up to a 100% interest in 58 mineral claims constituting the Pluto Gold Prospect.

Jinhua may exercise the option by acquiring an initial 80% by paying:

- \$116,055 in cash, common shares of Jinhua, or combination thereof, at the sole election of the Company on the Closing Date of the transaction; and
- \$116,056 in cash, common shares of Jinhua, or combination thereof, at the sole election of the Company on or before the date that is 18 months from the Closing Date of the transaction.

Jinhua may exercise the option by acquiring the remaining 20% by incurring:

- At least \$250,000 in qualified exploration and development expenditures on the property on or before the fourth anniversary of the execution of the Definitive Agreement; and
- An additional \$500,000 in qualified exploration and development expenditures on the property on or before the fifth anniversary of the execution of the Definitive Agreement.

If Jinhua exercises the first stage of the option and earns an 80% interest in the property but informs the Company in writing that it will not seek to earn an additional 20% interest in the property or does not satisfy the property expenditure requirements on or before the deadlines set out above, then a deemed joint venture with respect to the property will be formed which will be governed in accordance with the material terms set out in the letter of intent and incorporated into a definitive joint venture agreement.

The precise terms and conditions of the transaction will be contained in the Definitive Agreement to be negotiated and entered into by the parties. The parties anticipate they will sign the Definitive Agreement on or before November 30, 2021, and close the Qualifying Transaction and grant the Option on or before December 31, 2021 (the "Closing Date").

The grant of the option is subject to the satisfaction of standard closing conditions, including but not limited to: Jinhua's ability to raising gross proceeds of not less than \$400,000 in a private placement equity financing, or such other amount as required by the Exchange; and receipt of all requisite consents, waivers and approvals for the transaction, including any regulatory approvals if required.