

**Musk Metals Corp.**  
**Condensed Interim Financial Statements**  
**For the Six Months Ended September 30, 2022**  
**(Unaudited)**  
**(Expressed in Canadian Dollars)**

**Musk Metals Corp.**  
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**September 30, 2022**  
(Expressed in Canadian dollars)  
(Unaudited)

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**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 Statements of Financial Position**  
Expressed in Canadian dollars  
(Unaudited)

	Note	September 30, 2022	March 31, 2022
		\$	\$
<b>ASSETS</b>			
Current assets			
Cash		665,367	1,197,794
Prepaid expenses		17,704	5,167
Sales tax recoverable and other receivables		59,098	35,681
Short-term investment	4	20,000	-
Total current assets		762,169	1,238,642
Exploration and evaluation assets	5	1,368,306	1,173,904
Total assets		2,130,475	2,412,546
<b>LIABILITIES</b>			
Current liabilities			
Accounts payables and accrued liabilities	6	323,423	346,492
Due to related parties	10	63,300	107,075
Other liabilities	7	169,472	224,809
Total liabilities		556,195	678,376
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	4,949,076	4,883,813
Reserve	9	1,202,960	1,200,975
Accumulated deficit		(4,577,756)	(4,350,618)
Total shareholders' equity		1,574,280	1,734,170
Total liabilities and shareholders' equity		2,130,475	2,412,546

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 financial statements.

**Musk Metals Corp.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
Expressed in Canadian dollars  
(Unaudited)

	Note	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
		2022	2021	2022	2021
		\$	\$	\$	\$
<b>EXPENSES</b>					
Consulting	10	86,500	123,750	176,000	266,250
Corporate administration		7,982	1,880	15,332	7,834
Directors' fees	10	12,000	12,000	24,000	30,000
Management fees	10	22,500	17,500	45,000	25,000
Office and miscellaneous		8,416	8,950	16,774	19,841
Professional fees		6,463	27,247	9,378	36,169
Share-based compensation	8	1,450	112,529	1,985	199,071
Shareholder communications		5,183	6,813	7,570	7,613
Transfer agent and filing fees		2,959	7,456	6,049	13,073
		(153,453)	(318,125)	(302,088)	(604,851)
<b>OTHER ITEMS</b>					
Gain on settlement of debt	8(b)	19,613	-	19,613	-
Settlement of flow-through liability	7	-	24,392	55,337	31,041
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		(133,840)	(293,733)	(227,138)	(573,810)
<b>LOSS PER SHARE – Basic and diluted</b>					
		(0.00)	(0.01)	(0.00)	(0.01)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted</b>					
		64,363,317	48,787,698	64,346,414	44,805,470

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**Musk Metals Corp.**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
Expressed in Canadian dollars  
(Unaudited)

	Number	Share Capital	Reserve	Subscriptions Received	Deficit	Total
		\$	\$	\$	\$	\$
<b>Balance, March 31, 2021</b>	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)
<b>Balance, September 30, 2021</b>	<b>55,680,196</b>	<b>4,460,040</b>	<b>1,009,114</b>	<b>-</b>	<b>(2,429,163)</b>	<b>3,039,991</b>
<b>Balance, March 31, 2022</b>	64,049,105	4,883,813	1,200,975	-	(4,350,618)	1,734,170
Common shares issued for exploration and evaluation assets	300,000	19,500	-	-	-	19,500
Common shares issued for settlement of debt	1,307,500	45,763	-	-	-	45,763
Share-based compensation	-	-	1,985	-	-	1,985
Net loss and comprehensive loss	-	-	-	-	(227,138)	(227,138)
<b>Balance, September 30, 2022</b>	<b>65,656,605</b>	<b>4,949,076</b>	<b>1,202,960</b>	<b>-</b>	<b>(4,577,756)</b>	<b>1,574,280</b>

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

	<b>For the Six Months Ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(227,138)	(573,810)
Items not affecting cash:		
Gain on settlement of debt	(19,613)	-
Settlement of flow-through liability	(55,337)	(31,041)
Share-based compensation	1,985	199,071
Change in non-cash working capital items:		
Prepaid expenses	(12,537)	(8,875)
Sales tax recoverable and other receivables	(23,417)	(19,007)
Due to related parties	21,601	26,825
Accounts payables and accrued liabilities	(23,069)	(42,453)
<b>Cash flows used in operating activities</b>	<b>(337,525)</b>	<b>(449,290)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of exploration and evaluation assets	(12,000)	(18,000)
Proceeds from option payments on exploration and evaluation assets	20,000	-
Exploration and evaluation expenditures, net of tax credits	(202,902)	(80,284)
<b>Cash flows used in investing activities</b>	<b>(194,902)</b>	<b>(98,284)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of units for cash, net of issuance costs	-	988,470
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
<b>Cash flows provided by financing activities</b>	<b>-</b>	<b>1,298,445</b>
Change in cash	(532,427)	750,871
Cash, beginning of period	1,197,794	580,050
<b>CASH, END OF PERIOD</b>	<b>665,367</b>	<b>1,330,921</b>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Common shares issued for exploration and evaluation asset	19,500	47,500
Fair value of short-term investment received as option payment on exploration and evaluate on assets	20,000	-
Common shares issued to settle accounts payable	45,763	-
Fair value of finder's warrants issued for share issuance costs	-	21,627

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

## **Musk Metals Corp.**

Notes to the Condensed Interim Financial Statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

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### **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 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, 2022, 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 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 financial statements.

### **2. BASIS OF PRESENTATION**

#### **(a) Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. The condensed interim financial statements of the Company should be read in conjunction with the Company’s financial statements for the year ended March 31, 2022, 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 financial statements were reviewed by the Audit Committee and approved and authorized for issue on November 29, 2022 by the Board of Directors of the Company.

#### **(c) Basis of preparation**

The condensed interim 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 financial statements are presented in Canadian dollars, the functional currency of the Company, unless otherwise noted.



## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

### 2. BASIS OF PRESENTATION (continued)

#### (d) Use of estimates and judgements

The preparation of these condensed interim 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 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 financial statements.

### 4. SHORT-TERM INVESTMENT

During the six months ended September 30, 2022, the Company received 400,000 common shares of Zeal Exploration Inc. ("Zeal"), a private company, at \$0.05 per share for \$20,000. The fair value of common shares held was determined by reference to recent private sales of the common shares of Zeal.

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	March 31, 2022 fair value \$	Additions \$	September 30, 2022 fair value \$
Zeal	-	20,000	20,000
	-	20,000	20,000

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## **Musk Metals Corp.**

Notes to the Condensed Interim Financial Statements

September 30, 2022

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### **5. 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. On January 19, 2022, the Company entered into an option agreement on the Pluto Gold Prospect, whereby the optionee can earn up to a 100% interest in the property (Note 12).

#### ***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.

#### ***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. During the year ended March 31, 2022, the Company recognized an impairment of \$1,390,331 on the Lawyers East, West and North Prospect.

On June 1, 2022, the Company entered into an option agreement on its Lawyers East, West and North Prospects, whereby the optionee can earn up to a 100% interest in the properties. The optionee may exercise the first option and earn a 50% interest in the properties by paying the Company \$20,000 (received) and issue 400,000 common shares (received) upon signing, \$25,000 and 200,000 common shares within 12 months of signing, \$25,000 and 200,000 common shares within 24 months of signing and making certain exploration expenditures on the property within 24 months from the date of the option agreement. The optionee may exercise the second option within 36 months of the date of the option agreement and earn an additional 50% interest in the properties for a total of 100% interest by paying the Company \$90,000, issuing 800,000 common shares of the optionee, and granting a 2% NSR with 1% of the NSR purchasable for \$1,000,000 by the optionee.

#### ***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. During the year ended March 31, 2021, the Company recognized an impairment of \$50,900 on the Elon Lithium Prospect.

## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

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### 5. EXPLORATION AND EVALUATION ASSETS (continued)

#### *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. 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 (paid) and issue 300,000 common shares (issued) 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% NSR to the vendor, of which the Company has the right to purchase a 0.5% NSR for \$500,000.

#### *Allison Lake Prospect, Ontario*

On January 31, 2022, the Company entered into a Mineral Property Purchase Agreement to acquire 100% interest in four mineral claims constituting the Allison Lake Prospect in consideration for \$10,000 (paid) and 1,500,000 common shares (issued). The vendors will retain a 1.5% NSR on the property, of which the Company may purchase one half of the NSR for \$1,000,000 at any time up to commencement of production.

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 \$	Allison Lake Prospect \$	Total \$
Balance, March 31, 2022	235,318	129,302	270,000	370,909	39,500	128,875	1,173,904
Acquisition costs	-	-	-	-	31,500	-	31,500
Exploration expenditures:							
Geological	183,190	-	-	14,275	-	-	197,465
Travel and accommodation	-	-	-	538	-	-	538
Mobilization/demobilization	-	-	-	4,899	-	-	4,899
Option payments received	-	-	(40,000)	-	-	-	(40,000)
Balance, September 30, 2022	418,508	129,302	230,000	390,621	71,000	128,875	1,368,306

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022 \$	March 31, 2022 \$
Accounts payable	305,482	287,572
Accrued liabilities	17,941	58,920
	323,423	346,492

## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

### 7. 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:

<b>Flow-through Liabilities</b>	<b>\$</b>
Balance, March 31, 2022	224,809
Settlement of flow-through share liability on incurring expenditures	(55,337)
Balance, September 30, 2022	169,472

### 8. SHARE CAPITAL

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

(b) Issued and Outstanding

On April 6, 2022, the Company issued 300,000 common shares with a fair value of \$19,500 pursuant to the property purchase agreement to acquire a 100% interest in the Pakeagama Lithium Prospect (Note 5).

On September 29, 2022, the Company issued 1,307,500 common shares with a fair value of \$45,763 to settle accounts payable of \$65,376, resulting in a gain on settlement of \$19,613.

(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.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price \$</b>
Outstanding, March 31, 2022	6,230,000	0.09
Granted	250,000	0.055
Expired	(1,030,000)	0.130
Outstanding, September 30, 2022	5,450,000	0.081
Exercisable, September 30, 2022	5,262,500	0.082

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the six months ended September 30, 2022, the Company recognized share-based compensation expense of \$1,985 (2021 - \$199,071), of which \$nil (2021 - \$143,955) pertains to directors, officers and a company controlled by the father of the Chief Financial Officer of the Company.

The weighted average fair value of options granted during the six months ended September 30, 2022 was \$0.012 (2021 - \$0.06) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	<b>2022</b>	<b>2021</b>
Risk-free interest rate	3.94%	0.36%
Dividend yield	0%	0%
Expected volatility	133%	153%
Expected life (years)	0.69	1.6
Forfeiture rate	0%	0%

## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements  
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### 8. SHARE CAPITAL

#### (c) Stock Options (continued)

As at September 30, 2022, the following stock options are outstanding and exercisable:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price \$	Expiry Date
250,000	62,500	0.055	June 1, 2023
3,300,000	3,300,000	0.075	December 20, 2023
1,900,000	1,900,000	0.095	August 13, 2023
5,450,000	5,262,500		

The weighted average stock price on the date of the exercise of stock options during the six months ended September 30, 2022, was \$nil (2021 - \$0.10) per share.

#### (d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price \$
Balance, March 31, 2022	34,398,408	0.15
Expired	(9,020,528)	0.30
Outstanding, September 30, 2022	25,377,880	0.10

As at September 30, 2022, the Company had 25,377,880 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
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
300,000	0.10	December 8, 2023
304,530	0.11	December 8, 2023
3,204,454	0.13	December 8, 2023
8,788,500	0.05	April 19, 2027
25,377,880		

As at September 30, 2022, the weighted average remaining life of warrants outstanding was 2.22 years.

## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

September 30, 2022

(Expressed in Canadian dollars)

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### 9. RESERVE

	September 30, 2022 \$	March 31, 2022 \$
Balance, beginning of period	1,200,975	856,908
Share-based compensation	1,985	359,063
Fair value of finder's warrants	-	53,497
Reclassification of fair value of stock options exercised	-	(68,493)
Balance, end of period	1,202,960	1,200,975

### 10. RELATED PARTY TRANSACTIONS

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

During the six months ended September 30, 2022, the Company incurred \$15,000 (2021 - \$15,000) 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, 2022, the Company incurred \$30,000 (2021 - \$10,000) in management fees to a company controlled by the Chief Financial Officer of the Company, for services rendered.

During the six months ended September 30, 2022, the Company incurred \$24,000 (2021 - \$30,000) in directors' fees to companies controlled by Directors of the Company, for services rendered.

During the six months ended September 30, 2022, the Company incurred \$78,000 (2021 - \$10,000) in consulting fees to companies controlled by the father of the Chief Financial Officer of the Company, for services rendered.

During the six months ended September 30, 2022, the Company incurred share-based compensation expense of \$nil (2021 - \$143,955) to directors, officers and a company controlled by the father of the Chief Financial Officer of the Company.

#### *Related party balances*

As at September 30, 2022, the Company has a balance of \$nil (March 31, 2022 - \$21,525) 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, 2022, the Company has a balance of \$27,300 (March 31, 2022 - \$27,300) 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, 2022, the Company has a balance of \$nil (March 31, 2022 - \$14,375) payable to companies controlled by Directors of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at September 30, 2022, the Company has a balance of \$nil (March 31, 2022 - \$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, 2022, the Company has a balance of \$36,000 (March 31, 2022 - \$36,000) payable to the former Chief Executive Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

## **Musk Metals Corp.**

Notes to the Condensed Interim Financial Statements

September 30, 2022

(Expressed in Canadian dollars)

(Unaudited)

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### **11. 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.

(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.

## Musk Metals Corp.

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September 30, 2022  
(Expressed in Canadian dollars)  
(Unaudited)

### 11. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

#### (e) Classification of financial instruments (continued)

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

	September 30, 2022 \$	March 31, 2022 \$
Cash	665,367	1,197,794
Short-term investment	20,000	-
Accounts payable and accrued liabilities	323,423	346,492
Due to related parties	63,300	107,075

#### (f) Fair value

The Company's financial instruments are presented as level 1 within the fair value hierarchy as at September 30, 2022 and March 31, 2022, based on observable information and demand payment requirement, with the exception of short-term investment which is presented as level 2 within the fair value hierarchy. The fair value of the short-term investment was determined by reference to recent private sales of the common shares of the private company.

### 12. SUBSEQUENT EVENTS

- (a) Pursuant to a property option agreement (the "Option Agreement") with Jinhua Capital Corp., ("Jinhua"), dated effective January 19, 2022, and as amended on May 11, 2022, Musk has agreed to grant an option (the "Option") for Jinhua to earn up to a 100% interest in 54 mineral claims constituting the Pluto Property, located in the Dolomieu and Daubree Townships of Quebec (the "Property").

The Option is subject to the approval of the Exchange and is intended to constitute Jinhua's Qualifying Transaction (as defined in Exchange Policy 2.4 - Capital Pool Companies).

The option to acquire an initial 80% in the Property (the "First Option") will be deemed to be exercised by Jinhua by paying:

- \$118,324 in cash, common shares of Jinhua, or combination thereof, at the sole election of Jinhua on the closing date of the Option Agreement; and
- an additional \$118,324 in cash, common shares of Jinhua, or combination thereof, at the sole election of Jinhua on or before the date that is 18 months from the Closing Date.

Upon satisfaction of the payments set out above, the First Option will be deemed to be exercised, and Jinhua will earn an 80% interest in and to the Property. Any common shares of Jinhua issued to Musk pursuant to the Option Agreement will be issued at a price of \$0.10 per share, or as otherwise required by the Exchange, and will be subject to a restricted period of four months and one day.

Upon the exercise of the First Option, Musk and Jinhua will be deemed to have formed a joint venture (the "Joint Venture") on a 80% - 20% basis, and will promptly execute a Joint Venture agreement based upon the material terms attached to the Option Agreement. Jinhua will initially have a participating interest in the Joint Venture and Musk will initially have a carried interest in the Joint Venture until the earlier of: (a) exercise of the Second Option (as defined herein); and (b) termination of the Second Option.



## Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

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### 12. SUBSEQUENT EVENTS (continued)

In the event the Second Option is terminated for failing to satisfy the conditions thereof, Musk's interest in the Property will automatically change to a participating interest.

The option to acquire the remaining 20% interest in the Property (the "Second Option") will be deemed to be exercised by Jinhua by:

- incurring at least \$250,000 in qualified exploration and development expenditures on the Property (the "Expenditures") on or before the fourth anniversary of the execution of the Option Agreement; and
- incurring an additional \$500,000 (\$750,000 in aggregate) in Expenditures on or before the fifth anniversary of the execution of the Option Agreement.

Upon satisfaction of the payments set out above, the Second Option will be deemed to be exercised, and an additional undivided 20% right, title and interest (100% in the aggregate) in and to the Property will automatically vest in Jinhua. Upon the exercise of the Second Option, the Joint Venture will terminate. In the event that Jinhua fails to satisfy the conditions to exercise the Second Option, the Second Option will terminate, Musk's interest will automatically change from a carried interest to a participating interest, and the parties will proceed to advance the Property in accordance with the Joint Venture agreement terms.

Pursuant to the Option Agreement, Musk paid \$200,000 to the authors (the "Authors") of the technical report on the Property (the "Technical Report") for the Authors to undertake the proposed phase 1 geological work program on the Property as set out in the Technical Report ("Phase 1 Work"). Phase 1 Work on the Property has commenced. The Option Agreement provides for the following:

- upon the Authors completing the Phase 1 Work, Musk has agreed to immediately undertake commercially reasonable efforts to provide Jinhua with all relevant and supporting geological information, details, logs, invoices, expenditures and other documents evidencing the completion of the Phase 1 Work (the "Geological Records"); and
- upon receipt of the Geological Records by Jinhua and verification that the Geological Records evidence that the Authors have completed the Phase 1 Work by expending at least \$200,000 thereto in accordance with standard practices for geological work in Canada (the "Eligible Expenditures"), Jinhua will promptly issue 2,000,000 common shares at a deemed issue price of \$0.10 per share to Musk (each, an "Expenditure Share").

Any Expenditure Shares will be issued pursuant to an exemption under applicable securities laws and will bear a restricted period of four months and one day in accordance. In the event Jinhua does not receive the Geological Records evidencing the Eligible Expenditures on or before December 31, 2022, Jinhua may, with 10 days' written notice to Musk, terminate all right to receive the Expenditure Shares as set out in the Option Agreement. The number of Expenditure Shares to be issued by Jinhua to Musk will be on a post 2:1 consolidation basis, but nevertheless be subject to any other standard adjustment for routine corporate events such as future stock splits and consolidations. The issuance of the Expenditure Shares is conditional upon Musk complying with all Exchange policies with respect to the issuance thereof.

The grant of the Option and closing of the Qualifying Transaction is subject to: (a) the approval of the Exchange; (b) Jinhua completing a share consolidation on a 2-for-1 basis; and (b) Jinhua concurrently closing a private placement equity financing to raise gross proceeds of not less than \$500,000, or such other amount as required by the Exchange (the "Closing Date").

## **Musk Metals Corp.**

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### **12. SUBSEQUENT EVENTS** (continued)

- (b) On November 18, 2022, the Company issued a total of 8,068,500 units at \$0.032 per unit for gross proceeds of \$258,192. Each unit consists of one common share and one warrant, with each warrant being exercisable at \$0.05 per share for a five year term. In connection with the private placement, the Company paid a finder's fee of \$320 and issued 10,000 broker warrants, with each broker warrant being exercisable at \$0.05 per share for a five year term.