

Musk Metals Corp.

Condensed Interim Financial Statements

For the Three Months Ended June 30, 2023

(Expressed in Canadian Dollars)

(Unaudited)

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(Expressed in Canadian dollars)
(Unaudited)

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM 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 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 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	June 30, 2023	March 31, 2023
			\$
ASSETS			
Current assets			
Cash		67,580	192,633
Prepaid expenses	4	175,606	222,285
Sales tax recoverable and other receivables		104,375	88,781
Short-term investment	5	60,000	24,000
Total current assets		407,561	527,699
Exploration and evaluation assets	6	1,357,943	1,337,319
Total assets		1,765,504	1,865,018
LIABILITIES			
Current liabilities			
Accounts payables and accrued liabilities	7	307,447	316,354
Due to related parties	11	149,026	84,950
Other liabilities	8	111,934	121,161
Total liabilities		568,407	522,465
SHAREHOLDERS' EQUITY			
Share capital	9	5,238,612	5,238,612
Reserve	10	1,202,873	1,202,873
Accumulated deficit		(5,244,388)	(5,098,932)
Total shareholders' equity		1,197,097	1,342,553
Total liabilities and shareholders' equity		1,765,504	1,865,018

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

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)

		For the Three Months Ended June 30,	
	Note	2023	2022
		\$	\$
EXPENSES			
Consulting	11	78,000	89,500
Corporate administration		8,738	7,350
Directors' fees	11	12,000	12,000
Interest and penalties		23,839	-
Management fees	11	22,500	22,500
Office and miscellaneous		8,518	8,358
Professional fees		5,854	2,915
Share-based compensation	9	-	535
Shareholder communications		2,387	2,387
Transfer agent and filing fees		9,847	3,090
		(171,683)	(148,635)
OTHER ITEMS			
Settlement of flow-through liability	8	9,227	55,337
Unrealized gain on short-term investment	5	17,000	-
NET LOSS AND COMPREHENSIVE LOSS		(145,456)	(93,298)
LOSS PER SHARE – Basic and diluted		(0.01)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – Basic and diluted		18,593,776	16,082,331

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

Musk Metals Corp.**Condensed Interim Statements of Changes in Shareholders' Equity**

Expressed in Canadian dollars

(Unaudited)

	Number	Share Capital	Reserve	Deficit	Total
		\$	\$	\$	\$
Balance, March 31, 2022	16,012,276	4,883,813	1,200,975	(4,350,618)	1,734,170
Common shares issued for exploration and evaluation assets	75,000	19,500	-	-	19,500
Share-based compensation	-	-	535	-	535
Net loss and comprehensive loss	-	-	-	(93,298)	(93,298)
Balance, June 30, 2022	16,087,276	4,903,313	1,201,510	(4,443,916)	1,660,907
Balance, March 31, 2023	18,593,776	5,238,612	1,202,873	(5,098,932)	1,342,553
Net loss and comprehensive loss	-	-	-	(145,456)	(145,456)
Balance, June 30, 2023	18,593,776	5,238,612	1,202,873	(5,244,388)	1,197,097

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

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

	For the Three Months Ended June 30,	
	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Net loss for the period	(145,456)	(93,298)
Items not affecting cash:		
Settlement of flow-through liability	(9,227)	(55,337)
Unrealized gain on short-term investment	(17,000)	-
Share-based compensation	-	535
Change in non-cash working capital items:		
Prepaid expenses	2,387	(15,950)
Sales tax recoverable and other receivables	(15,594)	(16,611)
Due to related parties	14,076	10,800
Accounts payables and accrued liabilities	14,730	(20,773)
Cash flows used in operating activities	(156,084)	(190,634)
INVESTING ACTIVITIES		
Acquisition of exploration and evaluation assets	-	(12,000)
Proceeds from option payments on exploration and evaluation assets	-	20,000
Exploration and evaluation expenditures, net of tax credits	(18,969)	(202,902)
Cash flows used in investing activities	(18,969)	(194,902)
FINANCING ACTIVITIES		
Loan from related party	50,000	-
Cash flows provided by financing activities	50,000	-
Change in cash	(125,053)	(385,536)
Cash, beginning of period	192,633	1,197,794
CASH, END OF PERIOD	67,580	812,258
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Common shares issued for exploration and evaluation asset	-	19,500
Fair value of short-term investment received as option payment on exploration and evaluation on assets	19,000	20,000

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

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2023

(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). 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 condensed interim 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 June 30, 2023, 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 condensed interim 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 condensed interim 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 audited financial statements for the year ended March 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Approval of the condensed interim financial statements

The condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue on August 29, 2023 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

June 30, 2023

(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 condensed interim financial statements and the reported expenses during the period. 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. PREPAID EXPENSES

	June 30, 2023 \$	March 31, 2023 \$
Prepaid shareholder communications fees	2,780	5,168
Advance for exploration expenditures	172,826	217,117
	175,606	222,285

5. SHORT-TERM INVESTMENT

During the year ended March 31, 2023, the Company received 400,000 common shares of Zeal Exploration Inc. ("Zeal"), a private company, with a fair value of \$20,000 pursuant an option agreement on its Lawyers East, West and North Prospects (Note 6).

On April 26, 2023, the Company received 400,000 common shares of Hi-View Resources Inc. ("Hi-View"), a publicly traded company, in exchange for its short-term investment of 400,000 common shares of Zeal pursuant to the acquisition of Zeal by Hi-View.

On June 21, 2023, the Company received an additional 200,000 common shares of Hi-View with a fair value of \$19,000 pursuant an option agreement on its Lawyers East, West and North Prospects (Note 6). The fair value of common shares held was determined by reference to the publicly quoted stock price of Hi-View.

	March 31, 2023 fair value \$	Additions \$	Unrealized gain \$	June 30, 2023 fair value \$
Hi-View - Common shares	24,000	19,000	17,000	60,000
	24,000	19,000	17,000	60,000

Musk Metals Corp.

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6. 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 13).

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 50,000 common shares (issued) upon signing, \$8,000 (paid) within 30 days of signing, \$10,000 (paid) and 50,000 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. During the year ended March 31, 2023, the Company recognized an impairment of \$129,302 on the McDonough Red Lake Prospect. On April 11, 2023, the Company issued notice to the optionor that it was terminating the option agreement.

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.

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.

On June 1, 2022, as amended in June 2023, 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 by December 31, 2023, and 200,000 common shares (received) 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.

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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6. 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, which was subsequently increased to seven mining claims. In order to acquire a 100% interest, the Company must pay:

- i) \$8,000 (paid) and issue 75,000 common shares (issued) within 3 business days of signing the property option agreement;
- ii) \$12,000 (paid) and issue 75,000 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.

During the year ended March 31, 2023, the Company recognized an impairment of \$104,990 on the Pakeagama Lithium Prospect. On April 5, 2023, the Company issued notice to the optionor that it was terminating the option agreement.

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 375,000 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 \$	Lawyers East, West and North Prospects \$	Elon Lithium Prospect \$	Allison Lake Prospect \$	Total \$
Balance, March 31, 2023	441,686	230,000	536,758	128,875	1,337,319
Exploration expenditures:					
Claim administration	1,346	1,346	1,785	1,346	5,823
Geological	-	-	29,730	-	29,730
Travel and accommodation	-	-	4,071	-	4,071
Option payment received	-	(19,000)	-	-	(19,000)
Balance, June 30, 2023	443,032	212,346	572,344	130,221	1,357,943

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2023 \$	March 31, 2023 \$
Accounts payable	222,565	234,057
Accrued liabilities	84,882	82,297
	307,447	316,354

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

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(Unaudited)

8. 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, 2023	121,161
Settlement of flow-through share liability on incurring expenditures	(9,227)
Balance, June 30, 2023	111,934

9. SHARE CAPITAL

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

(b) Issued and Outstanding

On June 9, 2023, the Company effected a 4-for-1 share consolidation. All share and per share amounts have been retrospectively presented to reflect the share consolidation.

(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, 2023, and June 30, 2023	1,300,000	0.33

Share-based compensation expense is determined using the Black-Scholes option pricing model. During the three months ended June 30, 2023, the Company recognized share-based compensation expense of \$nil (2022 – \$535).

The weighted average fair value of options granted during the three months ended June 30, 2023, was \$nil (2022 - \$0.04) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense are as follows:

	2023	2022
Risk-free interest rate	-	3.09%
Dividend yield	-	0%
Expected volatility	-	112%
Expected life (years)	-	0.92
Forfeiture rate	-	0%

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL (continued)

(c) Stock Options (continued)

As at June 30, 2023, the following stock options are outstanding and exercisable:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price \$	Expiry Date
825,000	825,000	0.30	December 20, 2023
475,000	475,000	0.38	August 13, 2023*
1,300,000	1,300,000		

* Expired subsequently

(d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price \$
Balance, March 31, 2023, and June 30, 2023	8,201,595	0.34

As at June 30, 2023, the Company had 8,201,595 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
95,832	0.48	July 28, 2023*
520,833	0.56	July 28, 2023*
1,828,433	0.40	September 9, 2023
750,000	0.60	September 22, 2023
75,000	0.40	December 8, 2023
76,133	0.44	December 8, 2023
801,114	0.52	December 8, 2023
2,034,625	0.20	April 19, 2027
2,019,625	0.20	November 15, 2027
8,201,595		

* Expired subsequently

As at June 30, 2023, the weighted average remaining life of warrants outstanding was 2.14 years.

10. RESERVE

	June 30, 2023 \$	March 31, 2023 \$
Balance, beginning of period	1,202,873	1,200,975
Share-based compensation	-	1,647
Fair value of finder's warrants	-	251
Balance, end of period	1,202,873	1,202,873

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

11. RELATED PARTY TRANSACTIONS

Key management personnel compensation and other related party transactions

The Company considers key management personnel to be the directors and officers of the Company. The remuneration of directors and other members of key management for the three months ended June 30, 2023, and 2022, are as follows:

	2023 \$	2022 \$
Consulting	39,000	39,000
Director's fees	12,000	12,000
Management fees	22,500	22,500
	132,500	162,500

Related party balances

As at June 30, 2023, the Company has a balance of \$14,175 (March 31, 2023 - \$9,450) 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 June 30, 2023, the Company has a balance of \$126 (March 31, 2023 - \$nil) payable to the Chief Financial Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at June 30, 2023, the Company has a balance of \$77,300 (March 31, 2023 - \$27,300) payable to the father of the Chief Financial Officer of the Company and 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 June 30, 2023, the Company has a balance of \$14,175 (March 31, 2023 - \$9,450) payable to a company controlled by a Director of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at June 30, 2023, the Company has a balance of \$7,250 (March 31, 2023 - \$2,750) payable to a Director of the Company. The amount is unsecured, non interest-bearing and due on demand.

As at June 30, 2023, the Company has a balance of \$36,000 (March 31, 2023 - \$36,000) payable to the former Chief Executive Officer of the Company. The amount is unsecured, non interest-bearing and due on demand.

12. 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 Financial Statements

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(Expressed in Canadian dollars)

(Unaudited)

12. 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. 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 condensed interim statement of financial position are as follows:

	June 30, 2023 \$	March 31, 2023 \$
Cash	67,580	192,633
Short-term investment	60,000	24,000
Accounts payable and accrued liabilities	(307,447)	(316,354)
Due to related parties	(149,026)	(84,950)

(f) Fair value

The Company's financial instruments are presented as level 1 within the fair value hierarchy as at June 30, 2023 and March 31, 2023, based on observable information and demand payment requirements.

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2023

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(Unaudited)

13. 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, the Company 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").

Subsequent to June 30, 2023, the Option was approved by the Exchange and constituted 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 (1,183,240 common shares issued by Jinhua to the Company on August 9, 2023); 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 Exchange approval and closing of concurrent private placement of at least \$500,000 ("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 the Company 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, Jinhua and the Company 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 the Company 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.

In the event the Second Option is terminated for failing to satisfy the conditions thereof, the Company'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, the Company'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.

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(Unaudited)

13. SUBSEQUENT EVENTS (continued)

Pursuant to the Option Agreement, the Company will advance \$226,000 (paid) to the authors (the "Authors") of the technical report on the Property (the "Technical Report"), as a prepaid expense of the Company, 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"). The Option Agreement provides for the following:

- upon the Authors completing the Phase 1 Work, the Company 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") (provided); 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 2,260,000 common shares at a deemed issue price of \$0.10 per share to the Company (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. Jinhua has received the Geological Records evidencing the Eligible Expenditures. The 2,260,000 of Expenditure Shares were issued by Jinhua to the Company on August 9, 2023.

The grant of the Option and closing of the Qualifying Transaction was 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").

- (b) On July 19, 2023, the Company acquired two lithium properties located in James Bay, Quebec. The purchase price payable to the arm's length vendors for the mineral claims shall be as follows:
 - (i) cash payment of \$50,000 upon the closing of the next hard dollar financing;
 - (ii) issuing 1,500,000 common shares of the Company to each of the two vendors (issued); and
 - (iii) granting a 2% underlying royalty. The Company has a right to acquire 1% (50% of the underlying royalty) at any time for the payment of \$1,000,000.
- (c) On August 23, 2023, the Company completed a private placement of 1,575,000 units at \$0.08 per unit for gross proceeds of up to \$126,000. Each unit consists of one common share and one warrant, with each warrant being exercisable at \$0.12 per share for a 2 year term. In connection with the private placement, the Company issued 26,000 broker warrants which are exercisable at \$0.12 per share for a 2 year term.
- (d) Subsequent to the six months ended June 30, 2023, a total of 475,000 stock options exercisable at \$0.38 per share and 616,665 warrants exercisable at prices between \$0.48 per share and \$0.56 share expired unexercised.

Musk Metals Corp.

Notes to the Condensed Interim Financial Statements

June 30, 2023

(Expressed in Canadian dollars)

(Unaudited)

13. SUBSEQUENT EVENTS (continued)

- (e) Subsequent to the six months ended June 30, 2023, the father of the Chief Financial Officer of the Company loaned the Company \$5,250, which was unsecured, non-interest bearing and due on demand.
- (f) Subsequent to the six months ended June 30, 2023, the Company repaid the father of the Chief Financial Officer of the Company a total of \$55,250, of which \$50,000 was included in due to related parties at June 30, 2023.