

MADI MINERALS LTD.
Financial Statements
For the six months ended February 28, 2022
Expressed in Canadian Dollars - Unaudited

NOTICE TO READER

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 financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

MADI MINERALS LTD.

Condensed Interim Statement of Financial Position
(Expressed in Canadian dollars - Unaudited)

	Notes	February 28, 2022	August 31, 2021
ASSETS			
Current assets			
Cash		\$ 71,277	\$ 128,331
Amounts recoverable		1,343	4,211
Prepaid expenses and deposits		30,000	5,000
		102,620	137,542
Non-current assets			
Exploration and evaluation assets	3	119,075	119,075
		\$ 221,695	\$ 256,617
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,500	\$ 6,500
Due to related parties	6	6,335	2,000
		8,835	8,500
Deferred tax liability			
	7	6,986	16,501
		15,821	25,001
Shareholders' equity			
Share capital	5	272,751	272,751
Reserves	5	22,282	22,282
Deficit		(89,159)	(63,417)
		205,874	231,616
		\$ 221,695	\$ 256,617

Nature and continuance of operations (Note 1)

Approved on behalf of the Board of Directors

"Gary Musil" Director
Gary Musil

"Nancy Kawazoe" Director
Nancy Kawazoe

The accompanying notes are an integral part of these financial statements

MADI MINERALS LTD.Condensed Interim Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars - Unaudited)

	Notes	Three months ended February 28, 2022	Six months ended February 28, 2022
Expenses			
Bank and interest charges		\$ 32	\$ 124
Filing and transfer agent fees		5,779	5,779
Management fees	6	7,500	15,000
Professional fees	6	6,154	11,654
Rent	6	200	200
Travel and promotion		-	2,500
Loss before income taxes		(19,665)	(35,257)
Deferred income tax recovery	7	5,305	9,515
Loss and comprehensive loss for the period		\$ (14,360)	\$ (25,742)
Weighted average number of common shares outstanding (basic and diluted)			
		10,100,001	10,100,001
Basic and diluted net loss per share		\$ (0.00)	\$ (0.00)

The Company was incorporated on March 4, 2021, accordingly no comparative information is presented.

The accompanying notes are an integral part of these financial statements

MADI MINERALS LTD.

Condensed Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars - Unaudited)

	Number of shares	Amount	Option Reserves	Deficit	Total
Balance, March 4, 2021 (date of incorporation)	-	\$ -		\$ -	\$ -
Loss for the period		-	-	(63,417)	(63,417)
Shares issued pursuant to private placement	10,000,001	275,001	-	-	275,001
Shares issued to acquire exploration and evaluation assets	100,000	2,000		-	2,000
Share issue costs	-	(4,250)	-	-	(4,250)
Share-based payment charges	-	-	22,282	-	22,282
Balance at August 31, 2021	10,100,001	\$ 272,751	\$ 22,282	\$ (63,417)	\$ 231,616
Loss for the period	-	\$ -	\$ -	\$ (25,742)	(25,742)
Balance at February 28, 2022	10,100,001	\$ 272,751	\$ 22,282	\$ (89,159)	\$ 205,874

The accompanying notes are an integral part of these financial statements

MADI MINERALS LTD.

Interim Condensed Statement of Cash Flows

(Expressed in Canadian dollars - Unaudited)

	Six months ended February 28, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss for the period	\$ (25,742)
Adjustments to reconcile loss to net cash used in operating activities:	
Deferred income tax recovery	(9,515)
Changes in non-cash items:	
Decrease in amounts recoverable	2,868
Increase in prepaid expenses and deposits	(25,000)
Increase in accounts payable and accrued liabilities	335
Net cash used in operating activities	(57,054)
Decrease in cash	(57,054)
Cash, beginning	128,331
Cash, end	\$ 71,277

The Company was incorporated on March 4, 2021, accordingly no comparative information is presented.

The accompanying notes are an integral part of these financial statements

1. Nature and continuance of operations

Madi Minerals Ltd. (the "Company") was incorporated on March 4, 2021 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's registered office is Suite 2600 – 1066 West Hastings Street, Vancouver, BC, V6E 3X1 and its corporate office and principal place of business of the Company is 800 West Pender Street, Suite 615, Vancouver, British Columbia, Canada, V6C 2V6.

The Company is in the business of exploring its mineral exploration assets and has not yet determined whether these properties contain ore reserves that are economically recoverable. As at February 28, 2022 the Company was in the exploration stage and had interests in properties in Canada.

The Company is in the process of filing an initial public offering ("IPO") to become publicly listed on the Canadian Securities Exchange ("CSE") (Note 9).

Going concern

These financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern and the recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition thereof. The Company has sustained losses from operations and expects to incur further losses in the development of its business, and has an ongoing requirement for capital investment to explore its exploration and evaluation assets. As at February 28, 2022, the Company had a working capital of \$93,785. Based on its current plans, budgeted expenditures, and cash requirements, the Company does not have sufficient cash to finance its current plans. These material uncertainties may cast substantial doubt about the Company's ability to continue as a going concern.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. The Company expects that it will need to raise substantial additional capital to accomplish its business plan over the next several years. The Company expects to seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the statement of financial position classifications used, that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

COVID-19

The outbreak of the coronavirus, also known as "COVID-19", has spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of new variants. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Company's business activities. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the duration of the outbreak, travel restrictions, business disruptions, and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their financial impact at this time.

2. Significant accounting policies and basis of preparation

The financial statements were authorized for issue on April 22, 2022 by the directors of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). Therefore, these financial statements comply with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments classified as fair value through profit and loss (“FVTPL”), which are stated at their fair value. The financial statements are presented in Canadian dollars unless otherwise noted.

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the period from incorporation on March 4, 2021 to August 31, 2021. These interim financial statements have been prepared using the same accounting policies and methods of application as those in the annual financial statements.

3. Exploration and evaluation asset

Georgina Property (British Columbia)

On March 29, 2021, the Company entered into an option agreement to acquire up to a 75% interest in a mining claim in the Nanaimo Mining Division, British Columbia.

During the period ended August 31, 2021, to acquire a 51% interest in the property, the Company issued 100,000 common shares (Note 5) and paid \$5,000 in cash to the vendor.

To earn the further 24% of the total 75% interest, the Company must pay the Optionor \$10,000 on or before March 29, 2022 (paid subsequent), issue 100,000 common shares on or before the first anniversary of the initial listing of the Company’s shares on CSE, and incur aggregate exploration expenditures of \$200,000 of which \$75,000 must be incurred before March 29, 2022 (incurred) and \$125,000 on or before the first anniversary of the initial listing of the Company’s shares on an exchange. Should the Company not earn the additional 24% interest, the property will revert back to the vendor. The property is subject to a net smelter royalty of 2% payable to the vendor.

3. Exploration and evaluation asset (cont'd)

A summary of the Company's Exploration and Evaluation Asset is as follows:

	Georgina	
Balance, Incorporation on March 4, 2021	\$	-
Property acquisition costs		
Cash		5,000
Shares issued (Note 5)		2,000
		<u>7,000</u>
Exploration costs:		
Assays and testing		14,781
Geological consulting		36,320
Mapping and surveying		26,514
Reports and administration		18,000
Travel, accommodation, and supplies		16,460
		<u>112,075</u>
Balance, August 31, 2021 and February 28, 2022	\$	119,075

4. Accounts payable and accrued liabilities

	February 28, 2022	September 30, 2021
Accrued liabilities	\$ 2,500	6,500
	\$ 2,500	\$ 6,500

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issuances

On March 4, 2021, the Company issued 1 common share as an incorporation share for \$1.

On March 15, 2021, the Company issued a total of 2,000,000 common shares at \$0.005 per share for gross proceeds of \$10,000. Directors and senior officers subscribed for a total of 600,000 shares.

On March 29, 2021, the Company issued a total of 100,000 common shares with a fair value of \$2,000 for the property acquisition (Note 3).

On April 9, 2021, the Company issued a total of 4,500,000 flow-through common shares at \$0.02 per share for proceeds of \$90,000 (Note 10). A director and senior officer subscribed for 250,000 flow-through shares.

On May 7, 2021, the Company issued a total of 3,500,000 common shares at \$0.05 per share for gross proceeds of \$175,000. The Company paid a finder's fee of \$4,250 in cash.

Flow-through shares

For the purpose of calculation of any premium related to the issuance of the flow-through shares, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares. As a result, the Company's flow-through liability on issuance of flow-through shares in connection with the private placements was \$nil.

Stock options

The Company adopted a stock option plan to grant options to individuals exercisable up to 10 years from the date of grant to purchase shares at the market price, less applicable discount, if any. Such grants not to exceed an aggregate of 10% of the issued and outstanding shares and vesting periods will be determined by the Board of Directors.

On August 30, 2021, the Company granted 700,000 stock options that vested upon grant and are exercisable at a price of \$0.10 until August 30, 2024 to senior officers and directors. The estimated fair value of the options was \$22,282 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 128%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 0.57%

Details of options outstanding as at February 28, 2022 are as follows:

Number of Options	Exercise Price	Expiry date	Exercisable
700,000	\$0.10	August 30, 2024	700,000

As at February 28, 2022 the options outstanding had a weighted average exercise price of \$0.10 and a weighted average life of 2.50 years.

6. Related party transactions

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The remuneration of directors and key management personnel made during the period is as follows:

	February 28, 2022
Management fee	\$ 15,000
Rent	200
Accounting fee	6,300
Total	\$ 21,500

Effective March 15, 2021 the Company entered into a management services agreement with a company controlled by a director and senior officer. Terms include a monthly fee of \$2,500 and automatic renewal every six months unless terminated by either the Company or the service provider. The Company also pays office rent of \$100 per month to this company.

As at February 28, 2022, the Company has accrued \$6,000 for accounting fees payable to a director and senior officer and \$2,625 payable to a director and senior officer for management fees. Amounts due to related parties are non-interest bearing with no specific terms of repayment.

7. Income taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows

	Six months to February 28, 2022
Net loss before income taxes for the period	\$ (35,257)
Statutory Canadian corporate tax rate	27%
Anticipated tax recovery	(9,519)
Total income tax recovery	\$ (9,519)

The significant components of the Company's deferred tax assets and liabilities are as follows:

	February 28, 2022
Non-capital losses carried forward	\$ 16,396
Share issue costs	918
Exploration and evaluation assets	(24,300)
Net deferred tax liability	\$ (6,986)

Tax attributes are subject to review, and potential adjustment by tax authorities.

8. Commitment

During the period from March 30, 2021 to April 5, 2021, the Company completed issuances of flow-through shares for gross proceeds of \$90,000 (Note 5). The Company is required to spend the proceeds on qualified exploration programs no later than December 31, 2021. The Company renounced the expenditures and available income tax benefits to the flow-through shareholders effective December 31, 2021. As at August 31, 2021 the Company had incurred the required qualifying expenditures.

9. Proposed transaction

The Company has filed a prospectus with the securities regulatory authorities in the provinces of Alberta and British Columbia. Pursuant to an Agency Agreement (the "Agency Agreement") entered into between the Company and Research Capital Corporation (the "Agent"), the Company intends to offer 3,500,000 shares (the "Shares") at \$0.10 per common share to the public for gross proceeds of \$350,000. The Company also granted the Agent an option (the "Over-Allotment Option") to sell up to an additional number of Offered Common Shares (the "Additional Offered Common Shares") equal to 15% of the Offered Common Shares sold pursuant to the IPO. At closing, the Company will pay an agent's commission of 10% of the gross proceeds and issue to the Agent compensation options (the "Agent's Compensation Options") equal to 10% of the aggregate number of Offered Units issued in the Offering. Each Agent's Compensation Option entitles the Agent to purchase one common share of the Company at \$0.10 at any time prior to the date that is 24 months from the closing date. The Agent will also be paid a corporate finance fee (the "Corporate Finance Fee") of \$25,000. In addition, the Company will also be responsible for expenses in relation to the IPO. Included in prepaid expenses and deposits are payments of \$15,000 paid towards the Corporate Finance Fee and \$10,000 paid as a security deposit for expenses.

10. Subsequent events

Subsequent to February 28, 2022, the Company completed the IPO. The IPO was fully subscribed and the Agent exercised the Over-Allotment Option to raise gross proceeds of \$402,500.

On April 12, 2022, a total of 200,000 options were exercised at a price of \$0.10 per share for total proceeds of \$20,000.