

**MADI MINERALS LTD.**  
**Financial Statements**  
**For the nine months ended May 31, 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 Loss and Comprehensive Loss

(Expressed in Canadian dollars - Unaudited)

|   | Notes | Three months<br>ended<br>May 31,<br>2022 | From<br>incorporation<br>on March 4 to<br>May 31,<br>2021 | Nine months<br>ended<br>May 31,<br>2022 | From<br>incorporation<br>on March 4 to<br>May 31<br>2021 |
|---|-------|--|---|---|--|
| <b>EXPENSES</b>   |       |  |   |   |  |
| Bank and interest charges   |       | \$ 15                                    | \$ 97   | \$ 139                                  | \$ 97  |
| Consulting fees   |       | 22,000                                   | -   | 22,000                                  | -  |
| Filing and transfer agent fees  |       | 24,772                                   | -   | 30,551                                  | -  |
| Management fees   | 6     | 31,500                                   | 6,250   | 46,500                                  | 6,250  |
| Office  |       | 1,506                                    | 242   | 1,506                                   | 242  |
| Professional fees   | 6     | 63,700                                   | -   | 75,354                                  | -  |
| Rent  | 6     | 300                                      | -   | 500                                     | -  |
| Shareholder information   |       | 2,000                                    | -   | 2,000                                   | -  |
| Share-based payment   |       | 69,200                                   | -   | 69,200                                  | -  |
| Travel and promotion  |       | 92                                       | -   | 2,592                                   | -  |
| <b>Loss before income taxes</b>   |       | \$ (215,085)                             | \$ (6,589)  | \$ (250,342)                            | \$ (6,589)   |
| Deferred income tax recovery (expense)  | 7     | -  | (16,501)  | 9,515                                   | (16,501)   |
| <b>Loss and comprehensive loss for the period</b>                               |       | \$ (215,085)                             | \$ (23,090)   | \$ (240,827)                            | \$ (23,090)  |
| <b>Weighted average number of outstanding common shares – basic and diluted</b> |       |  |   |   |  |
|   |       | 12,419,232                               | 5,033,709   | 10,873,078                              | 5,033,709  |
| <b>Basic and diluted loss per common share</b>                                  |       | \$ (0.02)                                | \$ (0.00)   | \$ (0.02)                               | \$ (0.00)  |

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<br>shares | Amount     | Option<br>Reserves | Warrant<br>Reserves | Deficit      | Total      |
|--|---------------------|------------|--------------------|---------------------|--------------|------------|
| <b>Balance, March 4, 2021 (date of incorporation)</b>      | -                   | \$ -       | \$ -               | \$ -                | \$ -         | -          |
| 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)    |
| Loss for the period  | -                   | -          | -                  | -                   | (23,090)     | (23,090)   |
| <b>Balance, May 31, 2021</b>                               | 10,100,001          | 272,751    | -                  | -                   | (23,090)     | 249,661    |
| Share-based payment charges                                | -                   | -          | 22,282             | -                   | -            | 22,282     |
| Loss for the period  | -                   | -          | -                  | -                   | (40,327)     | (40,327)   |
| <b>Balance, August 31, 2021</b>                            | 10,100,001          | 272,751    | 22,282             | -                   | (63,417)     | 231,616    |
| Shares issued pursuant to IPO                              | 4,025,000           | 402,500    | -                  | -                   | -            | 402,500    |
| Share issue costs - cash                                   | -                   | (88,907)   | -                  | -                   | -            | (88,907)   |
| Share issue costs - warrants                               | -                   | (29,100)   | -                  | 29,100              | -            | -          |
| Shares issued for option exercise                          | 200,000             | 26,367     | (6,367)            | -                   | -            | 20,000     |
| Share-based payment charges                                | -                   | -          | 69,200             | -                   | -            | 69,200     |
| Loss for the period  | -                   | -          | -                  | -                   | (240,827)    | (240,827)  |
| <b>Balance, May 31, 2022</b>                               | 14,325,001          | \$ 583,611 | \$ 85,115          | \$ 29,100           | \$ (304,244) | \$ 393,582 |

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)

|   | 2022              | 2021              |
|---|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                   |                   |
| Loss for the period   | \$ (240,827)      | \$ (23,090)       |
| Items not involving cash:                                       |                   |                   |
| Deferred income tax expense (recovery)                          | (9,515)           | 16,501            |
| Share-based payment   | 69,200            | -                 |
| Changes in non-cash working capital items:                      |                   |                   |
| Increase in amounts recoverable                                 | (4,589)           | (1,401)           |
| Decrease (increase) in prepaid expenses and deposits            | 5,000             | (62,000)          |
| Increase (decrease) in accounts payable and accrued liabilities | 8,295             | 2,881             |
| Net cash used in operating activities                           | (172,436)         | (67,109)          |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                      |                   |                   |
| Exploration and evaluation assets                               | (10,000)          | (14,768)          |
| Net cash provided by investing activities                       | (10,000)          | (14,768)          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                      |                   |                   |
| Proceeds from issuance of shares                                | 402,500           | 275,001           |
| Share issue costs   | (88,907)          | (4,250)           |
| Option exercised  | 20,000            | -                 |
| Net cash provided by financing activities                       | 333,593           | 270,751           |
| <b>Change in cash during the period</b>                         | <b>151,157</b>    | <b>188,874</b>    |
| <b>Cash, beginning of period</b>                                | <b>128,331</b>    | <b>-</b>          |
| <b>Cash, end of period</b>                                      | <b>\$ 279,488</b> | <b>\$ 188,874</b> |
| <b>Interest received</b>  | <b>\$ -</b>       | <b>\$ -</b>       |
| <b>Interest paid</b>  | <b>\$ -</b>       | <b>\$ -</b>       |

Supplemental disclosure with respect to cash flows (Note 13)

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 Suite 1240 - 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

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 May 31, 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 May 31, 2022, the Company had a working capital of \$271,493 (August 31, 2021 - \$129,042). 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 July 27, 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), 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.



MADI MINERALS LTD.  
Notes to the Condensed Interim Financial Statements  
(Expressed in Canadian dollars - unaudited)  
For the nine months ended May 31, 2022

3. Exploration and evaluation asset (cont'd)

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

|   | <b>Georgina</b> |                |
|---|-----------------|----------------|
| Balance, Incorporation on March 4, 2021 | \$              | -              |
| Property acquisition costs              |                 |                |
| Cash                                    |                 | 5,000          |
| Shares issued (Note 5)                  |                 | 2,000          |
|   |                 | 7,000          |
| 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         |
|   |                 | 112,075        |
| <b>Balance, August 31, 2021</b>         | <b>\$</b>       | <b>119,075</b> |
| Property acquisition costs              |                 |                |
| Cash                                    |                 | 10,000         |
|   |                 | 10,000         |
| <b>Balance, May 31, 2022</b>            | <b>\$</b>       | <b>129,075</b> |

4. Accounts payable and accrued liabilities

|                     | <b>May 31,</b> |               | <b>August 31,</b> |              |
|---------------------|----------------|---------------|-------------------|--------------|
|                     | <b>2022</b>    |               | <b>2021</b>       |              |
| Accounts payable    | \$             | 10,795        | \$                | -            |
| Accrued liabilities |                | 6,000         |                   | 6,500        |
|                     | <b>\$</b>      | <b>16,795</b> | <b>\$</b>         | <b>6,500</b> |

## 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.

On April 11, 2022, the Company completed its initial public offering (the "IPO") of 4,025,000 common shares at a price of \$0.10 for total proceeds of \$402,500. Research Capital Corporation acted as agent (the "Agent") for the IPO. The Agent received a cash commission equal to 10% of the gross proceeds of the IPO and a corporate finance fee of \$25,000. In addition, the Company granted the Agent, and its selling group, Agent's Warrants entitling the holder to purchase an aggregate of 402,500 shares at a price of \$0.10 per share until April 11, 2024.

On April 12, 2022, the Company issued 200,000 common shares for \$20,000 pursuant to options exercise and allocated \$6,367 from contributed surplus to share capital.

### ***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%.

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5. Share capital (cont'd)

**Stock options (cont'd)**

On May 4, 2022, the Company granted 800,000 stock options that vested upon grant and are exercisable at a price of \$0.10 until May 4, 2025 to senior officers and directors. The estimated fair value of the options was \$69,200 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 170%; an expected life of 3 years; a dividend yield of 0%; and a risk-free rate of 2.59%

A summary of change in stock options is as follows:

|                          | Number of<br>Options |    | Weighted<br>average<br>exercise price |
|--------------------------|----------------------|----|---------------------------------------|
| Balance, March 4, 2021   | -                    | \$ | -                                     |
| Granted                  | 700,000              |    | 0.10                                  |
| Balance, August 30, 2021 | 700,000              |    | 0.10                                  |
| Granted                  | 800,000              |    | 0.10                                  |
| Exercised                | (200,000)            |    | 0.10                                  |
| Balance, May 31, 2022    | 1,300,000            | \$ | 0.10                                  |

Details of options outstanding as at May 31, 2022 are as follows:

| Number of Options | Exercise Price | Expiry date     | Exercisable |
|-------------------|----------------|-----------------|-------------|
| 500,000           | \$0.10         | August 30, 2024 | 500,000     |
| 800,000           | \$0.10         | May 4, 2025     | 800,000     |
| 1,300,000         |                |                 | 1,300,000   |

As at February 28, 2022 the options outstanding had a weighted average exercise price of \$0.10 and a weighted average life of 2.67 years.

**Warrants**

On April 11, 2022, the Company granted 402,000 broker's warrants and are exercisable at a price of \$0.10 until April 11, 2024. The estimated fair value of the options was \$29,200 which was determined by the Black-Scholes Option Pricing Model with the following assumptions: an annualized volatility of 151%; an expected life of 2 years; a dividend yield of 0%; and a risk-free rate of 2.34%

A summary of change in warrants is as follows:

|  | Number of<br>Warrants |    | Weighted<br>average<br>exercise price |
|--|-----------------------|----|---------------------------------------|
| Balance, March 4, 2021 and August 30, 2021 | -                     | \$ | -                                     |
| Granted                                    | 402,000               |    | 0.10                                  |
| Balance, May 31, 2022                      | 402,000               | \$ | 0.10                                  |

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5. **Share capital** (cont'd)

**Warrants** (cont'd)

Details of warrants outstanding as at May 31, 2022 are as follows:

| Number of Warrants | Exercise Price | Expiry date    |
|--------------------|----------------|----------------|
| 402,000            | \$0.10         | April 11, 2024 |
| 402,000            |                |                |

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:

|                      | Nine months ended<br>May 31, 2022 | From incorporation on<br>March 4 to May 31, 2021 |
|----------------------|-----------------------------------|--|
| Management fee       | \$ 46,500                         | \$ 6,250   |
| Rent                 | 500                               | -  |
| Accounting fee       | 10,800                            | -  |
| Share-based payments | 25,950                            | -  |
| <b>Total</b>         | <b>\$ 83,750</b>                  | <b>\$ 6,250</b>                                  |

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 May 31, 2022, the Company has \$Nil payable (August 31, 2021 - \$2,000) to directors and senior officers for management and accounting fees. Amounts due to related parties are non-interest bearing with no specific terms of repayment.

7. **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, 2022 the Company had incurred the required qualifying expenditures.

**8. Subsequent events**

Subsequent to May 31, 2022, the Company:

- i) entered into an amalgamation agreement with Casey Jones Lithium Inc. (“Casey”) and 1000256194 Ontario Ltd., a wholly owned subsidiary of the Company incorporated solely for the purposes of the transaction, in order to acquire all of the issued and outstanding shares of Casey. Upon completion of the Transaction, the Company will, through Casey, be the sole beneficial owner of the Morrison River Property, a mineral exploration property located in the western portion of Ontario.