



Blue Moon Metals Inc.

**Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2023**

(Unaudited – prepared by management)
(Expressed in Canadian dollars)

NOTICE TO READER:

These condensed interim consolidated financial statements have not been reviewed by the Company's external auditors. These statements have been prepared by and are the responsibility of the Company's management. This notice is being provided in accordance with National Instrument 52-102 – Continuous Disclosure Obligations.

Blue Moon Metals Inc.

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		March 31, 2023	December 31, 2022
		\$	\$
ASSETS			
	Note		
Cash		58,415	30,193
Receivables	9b	3,440	8,584
Prepaid expenses		3,729	4,350
Restricted cash	9b	13,864	13,864
CURRENT ASSETS		79,448	56,991
Mineral property interests	3	698,007	698,007
ASSETS		777,455	754,998
LIABILITIES			
Accounts payable and accrued liabilities		24,103	68,963
Due to related parties	6	71,939	46,000
CURRENT LIABILITIES		96,042	114,963
Due to related parties	6	200,000	200,000
LIABILITIES		296,042	314,963
SHAREHOLDERS' EQUITY			
Share capital	4	11,860,136	11,743,011
Contributed surplus		1,574,516	1,574,516
Deficit		(12,953,239)	(12,877,492)
SHAREHOLDERS' EQUITY		481,413	440,035
LIABILITIES AND SHAREHOLDERS' EQUITY		777,455	754,998
Nature of operations and going concern	1		
Subsequent event	10		

Approved by the Board of DirectorsDouglas Urch (signed) DirectorPatrick McGrath (signed) Director

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31,

	Note	2023 \$	2022 \$
General exploration expenses	3d	31,999	48,547
Filing and regulatory fees		11,602	24,860
General administrative costs		4,624	2,477
Professional fees		409	500
Shareholder communication and travel		1,174	34,367
Consulting fees	6	21,000	21,000
Foreign exchange gain		-	(5,081)
Interest expense	6	4,939	7,629
LOSS AND COMPREHENSIVE LOSS		75,747	134,299
Basic and diluted loss per common share		0.00	0.01
Weighted average number of common shares outstanding – basic and diluted		15,181,519	14,808,086

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CONSENSUED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31,		2023	2022
Cash flows provided by (used in)	Note	\$	\$
OPERATING ACTIVITIES			
Loss and comprehensive loss		(75,747)	(134,299)
Items not affecting cash			
Interest expense		4,939	7,629
		4,939	7,629
Change in non-cash working capital items		(18,095)	(105,003)
OPERATING ACTIVITIES		(88,903)	(231,673)
FINANCING ACTIVITIES			
Issuance of securities	4b	120,000	-
Issuance costs	4b	(2,875)	-
FINANCING ACTIVITIES		117,125	-
CHANGE IN CASH		28,222	(231,673)
Cash – Beginning		30,193	582,073
CASH - ENDING		58,415	350,400

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Number of Shares	Share Capital \$	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
DECEMBER 31, 2021		14,808,086	11,743,011	1,574,516	(12,528,408)	789,119
Loss and comprehensive loss		-	-	-	(134,299)	(134,299)
MARCH 31, 2022		14,808,086	11,743,011	1,574,516	(12,662,707)	654,820
Loss and comprehensive loss		-	-	-	(214,785)	(214,785)
DECEMBER 31, 2022		14,808,086	11,743,011	1,574,516	(12,877,492)	440,035
Private placement	4	1,200,000	120,000	-	-	120,000
Private placement issuance costs	4	-	(2,875)	-	-	(2,875)
Loss and comprehensive loss		-	-	-	(75,747)	(75,747)
MARCH 31, 2023		16,008,086	11,860,136	1,574,516	(12,953,239)	481,413

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Notes to the Condensed Interim Consolidated Financial Statements

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1. NATURE OF OPERATIONS AND GOING CONCERN**a) Nature of operations**

Blue Moon Metals Inc. (formerly Blue Moon Zinc Corp.) (together with its subsidiary, “Blue Moon” or the “Company”) is a Canadian exploration stage company which is focused on the exploration and development of mineral resource properties. On April 13, 2021, the Company changed its name to Blue Moon Metals Inc. and trades under the stock symbol “MOON”.

On March 7, 2023, the Company completed a 10:1 share consolidation. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

b) Going concern

The nature of the Company’s operations requires significant expenditures for the acquisition, exploration, and evaluation of mineral properties. To date, the Company has not received any revenue from mining operations and is considered to be in the exploration stage. The Company’s operations have been primarily funded from equity financings. The Company will continue to require additional funding to maintain its ongoing exploration and evaluation programs, property maintenance payments, and operations.

While these consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events result in a material uncertainty casting significant doubt on the validity of this assumption. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from equity transactions or through other arrangements. The Company has been successful in securing financing in the past, but there can be no assurance that it will be able to do so in the future.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumptions deemed to be inappropriate. These adjustments could be material.

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2. BASIS OF PRESENTATION**a) Compliance with International Financial Reporting Standards**

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, as issued by the International Accounting Standards Board ("IASB"), including International Accounting Standard 34 - Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved for issue by the Company's board of directors on May 26, 2023.

b) Critical accounting judgments, estimates and assumptions

Critical Judgments

The preparation of these consolidated financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 1(b).

Estimations and assumptions

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:

i) Exploration and Evaluation Assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

ii) Share-based Payments

The estimation of share-based payments includes estimating the inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in equity. Share-based payments expense and share-based share issuance costs are estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

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iii) Income Taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

3. MINERAL PROPERTY INTERESTS**a) Blue Moon (California, USA)**

The Blue Moon zinc property comprises of patented and unpatented lode mineral claims totaling 445 acres in Mariposa County, California. The claims are subject to a 0.5% Net Smelter Royalty ("NSR") capped at US\$500,000, payable to a third party. Certain claims not subject to the NI 43-101 resource estimate are subject to a 3% NSR royalty capped at US\$200,000 payable to an additional third party.

b) Yava (Nunavut, Canada)

The Yava base metals property is located in Nunavut and consists of two mineral leases totaling 1,280 hectares. The mineral leases are subject to a 10% net profit interest ("NPI") royalty which the Company has the right to purchase for \$1,500,000. The Yava property is carried at \$nil.

c) Mineral property costs

	Blue Moon \$
December 31, 2021 and December 31, 2022	698,007
-	-
MARCH 31, 2023	698,007

d) General exploration expenses

For the three months ended March 31,	2023 \$	2022 \$
Claims costs	6,460	6,382
Camp operations	10,788	19,439
Drilling and exploration	-	13,909
Prospecting and geology	2,970	2,162
Permitting	11,781	6,655
TOTAL	31,999	48,547

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4. SHARE CAPITAL**a) Authorized share capital**

Authorized share capital consists of an unlimited number of common shares without par value, unlimited Class "A" preferred shares with par value of \$10 per share, and unlimited Class "B" preferred shares without par value. No preferred shares have been issued.

b) Financing

On March 3, 2023, the Company issued 1,200,000 shares at a price of \$0.10 per common share for gross proceeds of \$120,000. The Company incurred unit issuance costs of \$2,875.

5. WARRANTS AND STOCK OPTIONS**a) Warrants**

A summary of the Company's warrants outstanding, including changes for the periods then ended, is presented below.

	Number of Warrants	Weighted average exercise price \$
DECEMBER 31, 2021	3,388,425	1.10
Expired	(429,478)	0.70
DECEMBER 31, 2022 and MARCH 31, 2023	2,958,947	1.20

Warrants outstanding are as follows:

Expiry Date	Exercise Price	Number of warrants outstanding	Average remaining contractual life (years)
July 25, 2023	\$1.20	995,150	0.32
June 30, 2024	\$1.20	1,963,797	1.25
MARCH 31, 2023		2,958,947	0.94

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b) Stock options

The Company has a stock option plan that permits the grant of stock options for the purchase of up to 10% of the issued and outstanding common shares of the Company to directors, officers, employees, and consultants. Options are exercisable for a maximum of 10 years. Terms, pricing and vesting of stock options are determined in accordance with the stock option plan as approved by the Board of Directors.

A summary of the Company's stock activity is presented below:

	Number of Stock options	Weighted average exercise price \$
DECEMBER 31, 2021	770,000	0.60
Expired	(375,000)	0.70
DECEMBER 31, 2022 and MARCH 31, 2023	395,000	0.52

Stock options outstanding and exercisable are as follows:

Expiry Date	Exercise Price	Number of Stock options outstanding	Average remaining contractual life (years)	Number of stock options exercisable
September 30, 2025	\$0.50	365,000	2.50	365,000
January 5, 2026	\$0.80	30,000	2.77	30,000
MARCH 31, 2023		395,000	2.52	395,000

6. RELATED PARTY TRANSACTIONS**Management Compensation**

The Company's related parties include its directors and officers, who are the key management of the Company. The remuneration of directors and officers during the periods presented was as follows:

For the three months ended March 31,	2023	2022
	\$	\$
Consulting fees	21,000	21,000
MANAGEMENT COMPENSATION	21,000	21,000

As at March 31, 2023, due to related parties included \$71,939 (December 31, 2022 - \$46,000) due to officers of the Company. These amounts due to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

On November 2, 2018, the Company entered into a loan agreement with a director of the Company for the amount of \$250,000. The Company was loaned an additional \$15,000, \$35,000 and \$6,000 on January 9,

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2019, March 21, 2019, and August 21, 2019, respectively, by the same director. The loans are unsecured and bear interest at 10% per annum. The principal value plus interest was originally payable on September 1, 2019. During the year ended December 31, 2022, the loan was extended until May 1, 2024 and the Company agreed to make principal payments of approximately \$10,000 per month plus interest.

During the three months ended March 31, 2023, the Company did not make any principal or interest payments due to limited cash on hand (During the year ended December 31, 2022, the Company made principal and interest payments totaling \$106,000 and \$24,806, respectively). Subsequent to the three months ended March 31, 2023, the principal and interest amounts in arrears were paid. As at March 31, 2023, \$200,000 (December 31, 2022 – \$200,000) was outstanding on the loan.

7. SEGMENTED INFORMATION

The Company operates in one industry segment, the exploration and evaluation of mineral property interests, within two geographical areas, Canada and the United States. Non-current assets for each geographical area are:

	Canada	United States	Total
	\$	\$	\$
December 31, 2022	-	698,007	698,007
March 31, 2023	-	698,007	698,007

8. CAPITAL MANAGEMENT

The Company is a mineral exploration and development company focusing on advancing the Blue Moon and Yava properties. Its principal source of funds is the issuance of securities. The Company considers capital to be equity attributable to common shareholders, comprised of share capital, contributed surplus, and deficit. It is the Company's objective to safeguard its ability to continue as a going concern so that it can continue to explore and develop its projects. As at March 31, 2023, certain conditions and events cast significant doubt upon the Company's ability to continue as a going concern. Refer to note 1(b) for more information.

The Company manages its capital structure based on the funds available for its operations and makes adjustments for changes in economic conditions, capital markets and the risk characteristics of the underlying assets. To maintain its objectives, the Company may attempt to issue new shares, seek debt financing, acquire or dispose of assets or change the timing of its planned exploration and development projects. There is no assurance that these initiatives will be successful.

The Company monitors its cash position on a regular basis to determine whether sufficient funds are available to meet its short-term and long-term corporate objectives.

There has been no change in the Company's capital management practices during the year. Blue Moon does not pay dividends. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

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9. FINANCIAL INSTRUMENT RISK

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to liquidity and credit risks from the use of financial instruments. The carrying value of the Company's financial instruments consisting of cash, restricted cash, receivables, due to related parties, and accounts payable and accrued liabilities approximate fair value due to the short term nature of the instruments.

a) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. Certain conditions cast significant doubt on the Company's ability to meet its financial obligations. Refer to note 1(b) for more information regarding the Company's liquidity risk.

b) Credit risk

The Company is exposed to credit risk on its cash, restricted cash and receivables. To reduce credit risk, substantially all cash is on deposit at Canadian chartered banks. Receivables consist of Canadian Government Sales Tax ("GST") receivable, subscriptions receivable and other amounts due from government agencies. Restricted cash are deposits held by the Bureau of Land Management ("BLM") in Nevada and California. As at March 31, 2023, receivables consisted of \$3,440 (December 31, 2022 - \$8,584) which relates to GST receivable. Restricted cash is comprised of bonds valued at \$13,864 (December 31, 2022 - \$13,864) held by the BLM. Accordingly, the Company considers its exposure to credit risk minimal.

c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

The Company has cash balances which are not subject to significant risks in fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. An increase to interest rates by 1% would have an insignificant effect on the Company's operations.

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, restricted cash, receivables, and accounts payable and accrued liabilities that are denominated in US dollars.

Sensitivity Analysis

The Company through a subsidiary operates in the United States and is exposed to exchange risk from changes in the US dollar. A 10% fluctuation in the US dollar against the Canadian dollar would have a minimal impact on the Company's loss and comprehensive loss.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings, or ability to obtain equity financing, due to movements in individual equity prices or general movements in the level of the stock market.

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Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of zinc, copper, lead, silver, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. SUBSEQUENT EVENTS

On May 8, 2023, the Company closed a non-brokered private placement of \$175,500. The private placement was priced at \$0.065 per common share.