



**Blue Moon Metals Inc.
(formerly Blue Moon Zinc Corp.)**

**Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2021**

(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.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		September 30, 2021 \$	December 31, 2020 \$
ASSETS			
	Note		
Cash		1,210,265	267,015
Receivables	10b	14,009	4,175
Prepaid expenses		12,042	5,000
Restricted cash	10b	13,864	13,864
CURRENT ASSETS		1,250,180	290,054
Mineral property interests	3	698,007	698,007
ASSETS		1,948,187	998,061
LIABILITIES			
Accounts payable and accrued liabilities		132,382	98,507
Due to related parties	7	345,713	460,629
LIABILITIES		478,095	559,136
SHAREHOLDERS' EQUITY			
Share capital	4	11,362,875	10,279,967
Contributed surplus		1,949,627	1,157,245
Deficit		(11,842,410)	(11,008,287)
SHAREHOLDERS' EQUITY		1,470,092	428,925
LIABILITIES AND SHAREHOLDERS' EQUITY		1,948,187	988,061
Nature of operations and going concern	1		

Approved by the Board of Directors

Douglas Urch (signed) Director

Patrick McGrath (signed) Director

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CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021 \$	2020 \$	2021 \$	2020 \$
General exploration expenses	348,997	-	393,353	7,772
Filing and regulatory	2,657	863	51,880	12,189
General administrative costs	2,688	719	6,960	2,967
Professional fees	-	4,231	11,277	3,559
Share-based payments	23,275	-	96,382	-
Shareholder communication and travel	34,519	560	194,333	2,485
Consulting fees	20,000	18,000	56,000	54,000
Foreign exchange (gain) loss	1,516	-	1,051	119
Interest expense	7,713	7,713	22,887	22,971
LOSS AND COMPREHENSIVE LOSS	441,365	32,086	834,123	106,012
Basic and diluted loss per share	0.00	0.00	0.01	0.00
Weighted average number of common shares outstanding	148,080,995	109,350,707	134,800,995	109,350,707

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CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30,

	Note	2021	2020
Cash flows provided by (used in)		\$	\$
OPERATING ACTIVITIES			
Loss and comprehensive loss		(834,123)	(106,012)
Items not affecting cash			
Share-based payments		96,382	-
Interest expense		7,713	22,971
		104,095	22,971
Change in non-cash working capital items		(105,630)	27,793
OPERATING ACTIVITIES		(835,658)	(55,248)
FINANCING ACTIVITIES			
Issuance of securities	4b	1,906,346	-
Issuance costs	4b	(127,438)	-
Subscriptions received in advance		-	70,019
FINANCING ACTIVITIES		1,778,908	70,019
INVESTING ACTIVITIES			
Buyback Net Smelter Royalty	3	-	(29,055)
INVESTING ACTIVITIES		-	(29,055)
CHANGE IN CASH		943,250	(14,284)
Cash – Beginning		267,015	95,927
CASH - ENDING		1,210,265	81,643

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Number of Shares	Share Capital \$	Subscriptions received in advance	Contributed Surplus \$	Deficit \$	Shareholders' Equity \$
DECEMBER 31, 2019		109,350,707	9,945,688	-	1,075,014	(10,744,950)	275,752
Subscriptions received in advance		-	-	70,019	-	-	70,019
Loss and comprehensive loss		-	-	-	-	(106,012)	(106,012)
SEPTEMBER 30, 2020		109,350,707	9,945,688	70,019	1,075,014	(10,850,962)	235,759
Private placement	4b	8,589,557	257,686	(70,019)	42,948	-	230,615
Private placement issuance costs	4b	-	(3,311)	-	-	-	(3,311)
Shares issued in debt settlement	4c	1,613,714	80,686	-	-	-	80,686
Debt settlement costs	4c	-	(782)	-	-	-	(782)
Share-based payments	6	-	-	-	39,283	-	39,283
Loss and comprehensive loss		-	-	-	-	(157,325)	(157,325)
DECEMBER 31, 2020		119,553,978	10,279,967	-	1,157,245	(11,008,287)	428,925
Private placement	4b	28,527,017	1,210,346	-	696,000	-	1,906,346
Private placement issuance costs	4b	-	(127,438)	-	-	-	(127,438)
Share-based payments	6	-	-	-	96,382	-	96,382
Loss and comprehensive loss		-	-	-	-	(834,123)	(834,123)
SEPTEMBER 30, 2021		148,080,995	11,362,875	-	1,949,627	(11,842,410)	1,470,092

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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”.

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.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. The Company was not materially impacted by COVID-19 during the year ended December 31, 2020 or during the nine months ended September 30, 2021.

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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, 2020, 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 November 24, 2021.

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, 2019	668,952
Buyback Net Smelter Royalty	29,055
DECEMBER 31, 2020 and SEPTEMBER 30, 2021	698,007

On September 2, 2020, the Company agreed to buyback a 2% Net Smelter Return ("NSR") on the Company's Blue Moon property. The NSRs were originally issued to the two founding prospectors of the project. The NSR holders were paid \$29,055 in return for the buyback.

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d) General exploration expenses

For the nine months ended September 30,	2021	2020
	\$	\$
Claims costs	8,028	7,722
Camp operations	72,246	-
Drilling and exploration	276,408	-
Permitting	36,671	-
TOTAL	393,353	7,722

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 June 30, 2021, the Company issued 18,790,767 units at price of \$0.06 per unit for gross proceeds of \$1,127,446 with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.12 per share until June 30, 2024. A value of \$468,000 was attributed to the warrants. The Company incurred unit issuance costs of \$85,456.

On January 26, 2021, the Company issued 9,736,250 units at a price of \$0.08 per unit for gross proceeds of \$778,900 with each unit consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.12 per share until July 25, 2023. A value of \$228,000 was attributed to the warrants. The Company incurred unit issuance costs of \$43,982.

On October 1, 2020, the Company issued 8,589,557 units at a price of \$0.035 per unit for gross proceeds of \$300,634 with each unit consisting of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire one common share at a price of \$0.07 per share until October 1, 2022. A value of \$42,948 was attributed to the warrants. The Company incurred unit issuance costs of \$3,311.

c) Debt Settlement

On October 16, 2020, the Company entered into a debt settlement agreement with a director of the Company whereby the Company issued 1,613,714 shares with a fair value of \$80,686 to settle an

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outstanding debt of \$56,480. A loss of \$24,206 was recognized on the transaction. The Company incurred \$782 in share issuance costs.

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, 2019	5,200,000	0.15
Expired	(5,200,000)	0.15
Issued	4,294,779	0.07
DECEMBER 31, 2020	4,294,779	0.07
Issued	29,589,467	0.12
SEPTEMBER 30, 2021	33,884,246	0.11

Warrants outstanding are as follows:

Expiry Date	Exercise Price	Number of warrants outstanding	Average remaining contractual life (years)
October 1, 2022	\$0.07	4,294,779	1.00
July 25, 2023	\$0.12	9,951,500	1.82
June 30, 2024	\$0.12	19,637,967	2.75
SEPTEMBER 30, 2021		33,884,246	2.25

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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, 2019	4,300,000	0.08
Granted	3,650,000	0.05
Cancelled	(550,000)	0.11
DECEMBER 31, 2020	7,400,000	0.06
Granted	900,000	0.07
SEPTEMBER 30, 2021	8,300,000	0.06

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
June 26, 2022	\$0.07	3,750,000	0.74	3,750,000
April 8, 2024	\$0.07	600,000	2.52	600,000
September 30, 2025	\$0.05	3,650,000	4.00	2,737,500
January 5, 2026	\$0.08	300,000	4.27	225,000
SEPTEMBER 30, 2021		8,300,000	2.43	7,312,500

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6. SHARE-BASED PAYMENTS

The following is a summary of the most recent stock options granted by the Company and the fair value of each grant. The fair value was calculated using the Black-Scholes option pricing model and the following inputs and assumptions:

Inputs and assumptions	April 8, 2021	January 6, 2021	October 6, 2020
Stock options granted	600,000	300,000	3,650,000
Exercise price	\$0.07	\$0.08	\$0.05
Market price	\$0.065	\$0.075	\$0.03
Expected life of options (years)	3	5	5
Expected stock price volatility	117%	144%	112%
Average risk-free interest rate	0.46%	0.39%	0.35%
Expected forfeiture rate	-	-	-
Expected dividend yield	-	-	-
Fair value per option granted	0.04	0.07	\$0.02
FAIR VALUE	26,560	20,100	\$80,250

7. 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 years presented was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Consulting fees	20,000	18,000	56,000	54,000
Share-based payments	16,275	-	48,825	-
MANAGEMENT COMPENSATION	36,275	18,000	104,825	54,000

As at September 30, 2021, due to related parties included \$32,000 (December 31, 2020 - \$147,000) 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, 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, but was extended until December 31, 2021, with interest being paid quarterly. As at September 30, 2021, \$306,000 (December 31, 2020 - \$313,629) was outstanding on the loan including \$7,713 interest payable (December 31, 2020 - \$7,629).

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On October 16, 2020, the Company entered into a debt settlement agreement whereby the Company issued 1,613,714 common shares with a fair value of \$80,686 to settle accrued interest of \$56,480. The Company recognized a loss of \$24,206 on the transaction.

8. 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, 2020	-	698,007	698,007
September 30, 2021	-	698,007	698,007

9. 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 December 31, 2020, 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.

10. 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.

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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 September 30, 2021, receivables consisted of \$14,009 (December 31, 2020 - \$4,175) of which \$14,009 (December 31, 2020 - \$4,175) relates to GST receivable. Restricted cash is comprised of bonds valued at \$13,864 (December 31, 2020 - \$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. 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.