FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Muskrat Minerals Incorporated (the "Issuer").

Trading Symbol: YYR

Number of Outstanding Listed Securities: 17,251,015

Date: February 6, 2014

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's on-going business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

(a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.

(b) The term "Issuer" includes the Issuer and any of its subsidiaries.

(c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

   There has been no significant change in the Issuer's business and operations during the month.

2. Provide a general overview and discussion of the activities of management.

Management continues to monitor the operations of its investment in Grand River Ironsands Incorporated ("GRI") and continues to seek other investment opportunities.

The Issuer addressed future prospects for the coming six months to determine a strategy for advancing the future. A number of options including raising additional capital were addressed. Currently, without any additional changes, the Issuer has sufficient cash on hand to meet its requirements for the next 12 months.

The project has notably met the goal of consistently demonstrating the technique of using a lower grade iron ore concentrate, (lower cost) along with a lower grade thermal coal (lower cost) and producing a high purity pig iron. This is a significant achievement. This delineates the corporate focus from being a mining project to a manufacturing project that controls access to one of its key raw materials. The Preliminary Economic Assessment is expectantly focused on further defining the ability to be a low cost producers.

Project update

The partners of NAIC, which includes GRI as a majority shareholder (and the Issuer with its indirect 40.31% ownership of GRI) have continued to advance the iron making test program which will demonstrate the economic and technical feasibility of making pig iron using iron concentrate from NAIC's mineral claims. In December, NAIC was able to conduct demonstration level tests on each piece of the proposed iron making flow sheet under the independent supervision of Hatch engineering of Mississauga, ON. This was the 5th melt campaign of 2013, and will provide the information required to be added to the Preliminary Economic Assessment to be published in the near future. The efforts further provided areas for the technical team to improve the overall engineering design of the process to make pig iron, and deemed to be useful and positive. This flow sheet includes three main steps: (i) briquetting of iron concentrate; (ii) direct reduction in a rotary hearth furnace to produce direct reduced iron ("DRI"); (iii) smelting of DRI in an electric furnace.

To demonstrate step (i), NAIC had previously produced briquettes using a proprietary mixture of iron concentrate from Goose Bay, coal, lime and a molasses binder.

To demonstrate step (ii) of the iron making flow sheet, NAIC shipped over 40 tonnes of briquettes to the Midrex Technology Centre in Charlotte, NC, for processing in a rotary hearth furnace, to produce a DRI with a metallization of 70-80%. This testing began on October 3, 2013 and operated for the subsequent two weeks. NAIC successfully produced over 30 tonnes of DRI and was able to achieve the target metallization.

To demonstrate step (iii) of the iron making flow sheet, the DRI produced at the Midrex Technology Centre was shipped to the submerged arc furnaces in Forks,

PA, where the DRI was smelted to produce a pig iron on October 28-30, 2013. The test smelting program was operated as a number of 12-14 hour batch runs in order to optimize the operating protocols for smelting the DRI. Once these batch runs had been successfully conducted, NAIC, again under the supervision of third parties, conducted a 24-36 hour "continuous" campaign in December, 2013. This continuous campaign is the closest possible comparison to how a commercial submerged arc furnace would be operated. The October smelts produced pig iron from the DRI, with carbon contents ranging from 1.46% to over 3.7% under different scenarios to better understand tolerances. This data was assessed and used as the basis for protocols for the continuous melt in early December. This data will additionally be reviewed by Hatch Engineering who witnessed the testing in October, as well as December 2013.

During the last week of November 2013, an iron ore concentrate was smelted using a coal based technology, separate from the electricity based approach under advancement for more than 2 years. This test was undertaken in Australia with a global manufacturer of furnaces, and the test successfully made a high grade pig iron. This process provides an alternative to the current approach and broadens the use of the ironsands from Labrador. The results from this melting campaign will be delivered early in 2014.

NAIC will continue to meet with a number of steel mills (electric arc furnace operators) over the coming months to assess their interest in working with NAIC towards advancing its pig iron project.

The site selection process for locating the first plant has been progressing with the preferred site(s) being selected in the near future. The timing of this decision has been slightly deferred to allow steel mills a window of time to review the smelt test results and express any interest in securing pig iron and if there are costs advantages by having the plant located in a certain location. All sites under consideration know that one of the late stage requirements, before final decision, is to invite end market users to view the process to assess their interest in the pig iron product. This will be important in establishing a broader understanding of the costs to make pig iron. Advanced discussions have been underway with regards to shipping solutions, availability of low cost and abundant electricity, port facilities and the various components of the Preliminary Economic Assessment ("PEA"). The PEA will provide clarity on best methods for mining as well as beneficiation in Goose Bay. Materials handling has also been an aspect of significance and those options are being investigated.

The exploration focus in 2014 will concentrate on defining the garnets and zircons, along with other potentially valuable minerals. The goal will be to define the saleable volumes required by the market and to ensure they can be economically processed. While it is believed these valuable minerals will add to the revenue line, they have not been factored in the forthcoming PEA.

Currently there is an identified resource sufficient to feed a pig iron plant with commercial production of 500,000 tonnes for 20 years. NAIC, in detailed discussions with SRK Consultants, is seeking to increase its resource to support 20-25 years of production for an iron making plant of 800,000 tonnes, which is now

being assessed. This increase in output improves capital intensity per tonne of pig iron produced and reduces operating costs. As a result, increased drilling is being planned in combination with permitting to increasing the resource identification. There is an enormous mineral resource base under staked claim and efforts will be focused on drilling additional resources that focus on strengthening the economics for mining.

The key goals for 2014 will be to publish the Preliminary Economic Assessment; a review of the economics in the PEA and a decision to initiate a pre-feasibility/bankable feasibility study; assessing interest with strategic partners for partnering, off-take and other possible business arrangement; finalizing the site selection and initiate the permitting process for the first pig iron making facility; complete an Impacts Benefits Agreement with the Innu Nation; initiate a capital raise campaign and other corporate related requirements with all partners to the project including MMI, Petmin Limited and Grand River Ironsands Incorporated.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

   There have been no acquisitions. The Issuer is awaiting the results from the PEA and is working with all external and independent consultants to organize the key aspects into a single report with future recommendations. The Issuer continues to encourage and receive proposals for review on additional opportunities for investment. NAIC and its partners are assessing both a drill program and potential supplies on iron ore fines from iron ore producers.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

   Not applicable

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

   The Issuer continues to encourage and assess new investment opportunities.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

Not applicable

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

   None

8. Describe the acquisition of new customers or loss of customers

   Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

   Not applicable.

10. Report on any employee hiring's, terminations or lay-offs with details of anticipated length of lay-offs.

    No changes occurred during period.

11. Report on any labour disputes and resolutions of those disputes if applicable.

    Not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

    No changes.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

    None.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds(1)

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

    None.

16. Provide details of any changes in directors, officers or committee members.

    None

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

    The primary aspect of this investment is the fact it resides in the manufacturing sector. The goal is to add value to minerals resources (iron ore concentrate, coal and limestone) and become a low cost producer of a product required by steel mills that utilize an electric arc furnace ("EAF") to make steel. EAF's can melt scrap metal and generally add pig iron, hot briquetted iron or direct reduced iron to improve the quantity and quality of the steel produced.

    The commodity price of iron ore will not have a direct impact on the viability of the business model of GRI. Any impacts will be felt indirectly should the price of iron ore affect the price pig iron. Because iron ore is only one portion of the cost of producing pig iron, a dollar drop in the price of iron ore does not mean a dollar drop in the price of pig iron. Furthermore, a decrease in the cost of iron ore may provide a buying opportunity for an NAIC pig iron plant should high grade ore (62% fe) become economic as potential supplement to NAIC's lower grade concentrate (c. 54% Fe). This is believed to be a significant differentiating aspect from traditional mining and resource projects. While controlling the resource and its mining is an aspect, the key focus on this investment is the stability from being a manufacturer.

    Iron ore prices continue to generate varying opinions of future value and current prices are trading at approximately $120/tonne CFR China. Pig iron is currently selling for approximately US$425/tonne FOB New Orleans. Generally 1.6 to 2.0 tonnes of iron ore concentrate is required to make 1 tonne of steel or pig iron. The model for GRI and its partners is focused on the value-add aspect (processing) of using iron ore to make pig iron. Iron ore is an input cost in making pig iron and GRI and partners control the resource at an estimated mining cost of approximately $30-$35/tonne of iron ore concentrate.

    The USA alone imports 3-5 million tonnes of pig iron per annum primarily from Brazil and Russia (the proposed pig iron making plant for MMI will be 440,000-800,000 tpa). Pig iron is blended with scrap iron and metal in the electric arc furnace to make steel. New supplies of metallics in the form of DRI are expected to soon become a part of the supply of metallic to steel mills. The USA requires 55 million tonnes per annum of scrap which has been trading between $360-385/tonne over the past several months. The cash cost to produce pig iron, as estimated by GRI, will be an estimated $250-300/tonne. The GRI model remains

focused on the benefits of adding value to iron ore as well as the insulation therein provided from price volatility in the iron ore commodity.

The Issuer indirectly owns 40.31% of GRI. GRI will own 60% of NAIC when Petmin Limited has fully invested its $25 million (for 40% of NAIC). This means that the Issuer will indirectly own approximately 24% of the NAIC project.

One of the key partners in the project, Petmin Limited, released their views on the project and they may be viewed on the website – www.petmin.co.za – seek the PDF link – **Petmin Results – June 30, 2013.**

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: Febuary 6, 2014.

Lorne S. MacFarlane
Name of Director or Senior Officer

Signed "*Lorne S. MacFarlane*"
Signature
CFO
Official Capacity

Issuer Details Name of Issuer **Muskrat Minerals Incorporated**	For Month End January 2014	Date of Report YY/MM/D 14/02/6
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