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: August 8, 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.

Project partners have been focused on late stage discussions and assessments with two primary locations with a view on engaging in Pre-Feasibility Study (PFS) work at one or both locations. Each location offers distinct benefits from an operational perspective. These negotiations are expected to conclude in the near future.

Concurrently the project partners have been engaged with three quality engineering firms to undertake the independent work for the PFS. This process to select the firm is expect to conclude before the end of September. It is expected the PFS work will take less than 6 months. Concurrently efforts on permitting will begin if one site is selected from the short list of two potential host communities. The business case for the two sites remain compelling and negotiations are focused on areas that would yield a definitive benefit for deciding on the best location.

Given that the company will acquire iron ore concentrate from the merchant market, discussions with potential providers and testing of their respective iron ore for the pig iron manufacturing plant is also underway.

As reported at Expo Labrador on June 25, 2014, the project partners will undertake a detailed work program in Labrador between August and November 2014, with a view of broadening the size and scope of the mineral resource near Happy Valley-Goose Bay, NL. As well, efforts are focused on the opportunity to economically separate additional minerals in the sands such as garnets, zircons, etc.

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

The Company continues to monitor the progress of Grand River Ironsands Incorporated (GRI), and through GRI, the issuers' indirect shareholding in North Atlantic Iron Corporation (NAIC). **The emphasis of NAIC is to be a pig iron producer, having access to its own supply of raw material (iron ore concentrate) only using its captive supply of iron ore concentrate when market conditions warrant. Currently (July 31, 2014) the price of iron ore is $95-96 per tonne CFR China (shipping costs from eastern Canada to China $25-35/tonne).**

This difference of being a manufacturer rather than solely a mining project is substantial.

Currently, without any additional changes, the Issuer has sufficient cash on hand to meet its requirements for the next 12 months. The issuer will continue to explore new opportunities and will remain open to raising additional investment if required – cash or flow through tax credit shares.

NAIC has notably met the goal of consistently demonstrating an ability to produce high purity pig iron using a lower grade iron ore concentrate (lower cost), along with a lower grade thermal coal (lower cost). This is a significant achievement. This allows the corporate focus of NAIC to target becoming a vertically integrated low cost manufacturer.

The Preliminary Economic Assessment (PEA) will expectantly focus on further defining the ability to be a low cost pig iron producer and will be issued when a site for the first plant has been selected. It is important to note that the primary focus of the project will be on the production of pig iron and therefore less dependent on the resource itself. Given the depressed prices of iron ore concentrate, securing raw material products directly from the merchant market, will be a primary consideration.

Project update

The Key Highlights

1. Petmin Limited (partner in NAIC) of South Africa announced their commitment to fund an additional $6 million which will fulfill their $25 million commitment for a 40% interest in NAIC (subsequently, they have attached requirements for fulfilling their investment which may delay receipt of their funds).
2. With 5 melt campaigns completed – the last 3 independently witnessed by Hatch Engineering – the project has been able to confirm that low grade iron ore concentrate, along with lower grade coal, can be melted to make a high purity, marketable pig iron. The results of this effort will be released when finalized.
3. A second melting technology for making pig iron was also confirmed as being viable using the ironsands of Labrador to make high quality pig iron.
4. The release of the PEA by Worley Parsons and the Iron Making Validation Report by Hatch Engineering will occur once a site has been selected.
5. The first planned pig iron plant will be located outside of Labrador with a future plant still planned for Labrador. Continued work in Labrador will focus on other valuable minerals contained within NAIC's defined resource which includes garnets, zircon, rutile, vanadium, etc. Additionally, efforts will continue to broaden the resource. To date, such revenues have not been factored into the PEA. Mining and separation approaches have been assessed and future work will refine the approaches and economics when other minerals are included. Additionally, work will continue on key infrastructure requirements, such as port, power, and access roads. Permitting efforts will not be contemplated until these items are favourably resolved.
6. NAIC's site selection process has been considerably narrowed down and additional information is required from only one location. Locations actively under review are in Eastern Canada and on the Great Lakes.
7. The 2014 efforts on the Labrador mineral sands resource, will be primarily two fold – as stated, to establish the potential economics of other valuable minerals other than the iron products; secondly, to better understand the

economic and operational issues related to the port infrastructure, locating a plant and transport solutions.

The partners in NAIC are GRI, as a majority shareholder with 68% (the Issuer's 40.2% ownership of GRI equates to its current indirect interest in NAIC of 28.22%) and Petmin at 32%. Petmin's stake could increase to 40% if the remaining $6m investment announced on March 3, 2014 is completed.

NAIC will continue to meet with a number of steel mills (electric arc furnace operators) to assess their interest in working with NAIC towards advancing its pig iron project. Additionally, discussions will commence shortly with off-takers and traders as well as potential capital markets partners. It is expected an additional $20-30 million will be required to finalize the Bankable Feasibility Study and permitting on the first pig iron plant. It is expected the project will initially source iron ore concentrates from the open market due to the lower prices currently projected into the foreseeable future. NAIC believes this strategy provides the shortest timeline to production and cash flow. Efforts will continue on the Labrador sands to be used as feedstock for a future plant or to eventually vertically integrate the first production facility if required.

The key goals for 2014 will be to (i) publish the Preliminary Economic Assessment; (ii) finalize the site selection and initiate the permitting process for the first pig iron making facility; (iii) review the economics in the PEA and make the decision to initiate a pre-feasibility/bankable feasibility study at the chosen site; (iv) assess the interest of strategic partners for partnering, off-take and other possible business arrangements; (v) initiate a capital raise campaign and other corporate related requirements with all partners to the project.

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 NAIC 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 2014 work program and potential offtake solutions 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. The focus remains on project located near a port and required infrastructure. Any new investments would likely require raising additional capital.

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.

   NAIC will assess a new capital structure over the coming months as it relates to the intellectual properties or "know-how" for iron making given the improvements made and paid for by NAIC, as well, as the technical changes and improvements since the initial, and now expired, Memorandum of Understanding with the patents developers and assignees. Additionally, the Issuer remains in discussions with project partners of NAIC on a potential corporate restructuring that would create a solution to best reflect the fullest valuation and liquidity for the project and its shareholders.

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.

   NAIC will assess a new structure over the coming months as it relates to the intellectual properties or "know-how" for iron making given the improvements made and paid for by NAIC, as well, as the technical changes and improvements since the initial, and now expired, Memorandum of Understanding with the patents developers and assignees.

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 the investment in GRI, and thus NAIC, is a focus on manufacturing, and value add, within the steel supply chain. While this project requires iron ore concentrate, and controls the rights to its own resource; the resource itself is currently a hedge against future and significant increases in the prices of iron ore. That forecast for iron ore prices remains uncertain. As a result, the projects business strategy is fully based upon the manufacturing of pig iron required by the steel mills, in particular, the electric arc furnaces or mini-mills.

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 melt scrap metal and generally add pig iron, hot briquetted iron and/or direct reduced iron to improve the quantity and quality of the steel produced.

The Issuer's investment in GRI and NAIC is less volatile than an investment in a traditional iron ore project. 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, the decrease in the cost of iron ore provides a buying opportunity for an NAIC pig iron plant, lowering operating costs. NAIC will also benefit from (i) its proven ability to use low cost reductant instead of traditional coking coals and (ii) access to North America's globally low cost energy.

Though NAIC is not depending on controlling its source of iron ore – having a resource is a hedge against significant price increases in iron ore concentrate. NAIC's value add model, and hedged resource position, is believed to provide a significant differentiating aspect for investor's compared to traditional mining and resource investments.

Iron ore prices continue to generate varying opinions of future value and current prices. 62% fines are trading US$95-96/tonne CFR China. Pig iron is currently selling for approximately US$420/tonne FOB New Orleans (CRU Ryan's Notes). Generally 1.6 tonnes of 62% iron ore concentrate is required to make 1 tonne of pig iron. Iron ore is an input cost in making pig iron.

The USA alone imports 3-5 million tonnes of pig iron yearly, primarily from Russia, Ukraine and Brazil (note: the proposed pig iron making plant for NAIC will be 875,000-987,000 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 metallics to steel mills. Scrap and DRI are substitutes and largely interchangeable and therefore compete on price; pig iron is generally required to improve the quality of steel due to being of higher purity. The USA requires 55 million tonnes per annum of scrap which has been trading between $360-385/tonne over the past several months. 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 40.2% 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.

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: August 8, 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 July 2014	Date of Report YY/MM/D 14/08/8
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