

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: June 7, 2013

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 ongoing 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 Company'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 partners of North Atlantic Iron Corporation (which includes Grand River Ironsands) have commissioned their pilot scale furnaces in Easton, PA and smelted their first iron sands briquettes (approximately 9000 lbs of material). This produced over 2,600 pounds of hot metal on February 26, 2013. Advanced lab testing using different reductants (coal) has continued since March. Additionally, the furnaces in PA were used to continue testing in preparation for additional testing in July and August. The indications demonstrated that a wide range of coals – including metallurgical and thermal coals – could be used in the process. Currently the list of reductants is being narrowed down and results are expected before the end of Q2 2013. This investigation will have an impact on overall cost structure.

The site selection process for locating the first plant has been progressing as scheduled with the preferred site(s) being selected before the end of Q2 2013. An announcement is expected after a number of potential steel mills have viewed a smelting test. 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 to establish a broader understanding of the costs to make pig iron. Advanced discussions have been underway with regards to shipping solutions, port facilities and the various components of the Preliminary Economic Assessment. The PEA will provide clarity on best methods for mining as well as beneficiation. Materials handling has also been an aspect of significance and those options are being investigated. Additionally, a Summer 2013 drill program is being planned to further complement the existing resource targets and further assess economic advantages. During Q3 2013 the company will direct efforts to better understanding the potential value of the other valuable minerals contained in the non-magnetic tailings (e.g. garnet, zircon, etc.) and better understand their economic potential.

NAIC project partner and shareholder Petmin Limited of South Africa filed their Half Year filing and below (Selected section) is what they reported to their shareholders on their investment and participation in North Atlantic Iron Corporation (where Grand River Iron Sands are majority shareholder with Muskrat Minerals as a 41.1% shareholder in GRI).

Project update

By visiting the Petmin website a presentation for analysts and shareholders is available for review. In particular pages 37-44 specifically address their views on North Atlantic Iron Corporation and its progress, See http://www.petmin.co.za/ir/files/presentations/2013/petmin-presentation-analyst-trip_4june13.pdf

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 Company is waiting drilling and production details from GRI as well as the results from the Preliminary Economic Assessment. MMI continues to encourage and receive proposals for review on additional opportunities for investment.

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 Company 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.
No change
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The commodity price of iron ore will not have any significant nor direct impact on the viability on the business model of GRI. 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. By adding value to a mineral resource the project will focus on being a low cost producer in making a key raw material for electric arc furnace steel mills. Iron ore prices continue to generate varying opinions of their future value and current trading at approximately \$120/tonne CFR China. Pig iron is currently selling for approximately \$420/tonne FOB Brazil. Generally 1.6 to 1.9 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/tonne of iron ore concentrate. The market for pig iron will remain robust as the competition is generally higher cost producers in Brazil and Russia. The USA alone imports 4-5 million tonnes per annum primarily from Brazil and Russia. Pig iron is blended with scrap iron and metal in the electric arc furnace

to make steel. 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 \$250-290/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.

Muskrat Minerals Incorporated owns approximately 41.1% of Grand River Ironsands Incorporated who will own 60% of North Atlantic Iron Corporation when Petmin Limited (South Africa) has fully invested its \$25 million (for 40% of NAIC). This means Muskrat Minerals will own approximately 25% of the NAIC. There is a Memorandum of Understanding with Cardero Resources whereby they can earn a 5.5% equity interest in NAIC upon successfully proving their iron making process will achieve the desired goals with the ironsands. Additionally they will earn a 1% royalty when in production.

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: June 7, 2013.

Lorne S. MacFarlane
Name of Director or Senior
Officer

Signed "Lorne S. MacFarlane"
Signature
CFO
Official Capacity

Issuer Details Name of Issuer	For Month End	Date of Report YY/MM/D
Muskrat Minerals Incorporated	May 2013	13/06/07
Issuer Address Attn: K. Barry Sparks, 610-141 Adelaide Street West		
City/Province/Postal Code Toronto, ON M5H 3L5	Issuer Fax No. (902) 423-1624	Issuer Telephone No. (902) 499-7150
Contact Name Francis MacKenzie	Contact Position President & CEO	Contact Telephone No. (902) 499-7150
Contact Email Address francis@muskratminerals.ca	Web Site Address www.muskratminerals.ca	