CAPELLA MINERALS LIMITED

(previously known as New Dimension Resources Ltd)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and six months ended
November 30, 2020

UNAUDITED

(Expressed in Canadian Dollars)

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NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Capella Minerals Limited (previously known as New Dimension Resources Ltd). Capella Minerals Limited's (previously known as New Dimension Resources Ltd) independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed financial statements by an entity's auditor

Capella Minerals Limited (previously known as New Dimension Resources Ltd.)
Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars
Unaudited

As at

	Note	November 30, 2020 $	May 31, 2020 $
ASSETS			
Current			
Cash		**2,168,251**	43,219
Receivables	4	**82,350**	28,594
Prepaid expenses		**27,872**	14,763
Other	5	**339,338**	-
		2,617,811	86,576
Non-current			
Exploration and evaluation assets	8	**908,103**	1,501,591
Financial assets	7	**454,317**	-
		1,362,420	1,501,591
TOTAL ASSETS		**3,980,231**	1,588,167
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	6	**397,031**	1,024,737
Contractual obligation payable	9	**205,106**	961,504
Provision	10	**90,672**	208,451
Loans	11	**-**	506,717
		692,809	2,701,409
Non-current			
Contractual obligation payable	9	**1,030,809**	757,848
Loans	11	**40,000**	40,000
		1,070,809	797,848
TOTAL LIABILITIES		**1,763,618**	3,499,257
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	12	**18,468,515**	14,454,766
Reserves – warrants	12	**419,702**	336,180
Reserves – options	12	**1,565,374**	1,480,402
Reserves – foreign currency translation		**(374,982)**	(498,670)
Accumulated deficit		**(17,861,996)**	(17,683,768)
		2,216,613	(1,911,090)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**3,980,231**	1,588,167
Nature of operations and going concern	1		
Basis of presentation	2		
Subsequent events	18		

APPROVED ON BEHALF OF THE BOARD ON January 28, 2021:

Eric Roth — Director

Glen Parsons — Director

- See accompanying notes to the condensed interim consolidated financial statements -

Capella Minerals Limited (previously known as New Dimension Resources Ltd.)
Condensed Interim Consolidated Statements of Profit or Loss and Comprehensive Income or Loss

Expressed in Canadian Dollars
Unaudited

For the period ended

	Note	Three months ended		Six months ended	
		November 30, 2020 $	November 30, 2019 $	**November 30, 2020 $**	November 30, 2019 $
General and administrative expenses					
Share-based payments	12	**84,972**	30,577	**84,972**	64,118
Management and administrative fees		**122,795**	92,190	**223,066**	172,488
Regulatory and transfer agent fees		**22,788**	4,826	**47,878**	11,651
Professional fees		**12,511**	26,166	**37,254**	47,262
Office and general		**13,620**	17,857	**27,045**	36,990
Shareholder information and meetings		**13,502**	17,581	**19,950**	22,814
Salaries and benefits		**970**	53,472	**2,073**	125,333
		(271,158)	(242,669)	**(442,238)**	(480,656)
Provision against/write off deferred exploration and evaluation costs	8	**(37,925)**	(310)	**(49,741)**	(310)
Foreign exchange gain/(loss)		**(8,930)**	1,985	**(1,037)**	2,551
Loss on sale of subsidiary	3	**(51,084)**	-	**(51,084)**	-
Interest and other expense	11	**(19)**	(20,236)	**(10,227)**	(6,570)
Contractual obligation payable interest	9	**(944)**	(8,037)	**(5,127)**	(16,073)
Gain on revaluation of contractual obligation payable	9	**-**	**-**	**318,564**	-
Unrealized movement on financial asset	7	**40,000**	-	**40,000**	-
Gain on sale of equipment		**17,201**	18,037	**17,201**	18,037
Interest and other income - net		**4,338**	-	**4,338**	874
Write back/(write off) of IVA receivable	4	**2,804**	-	**1,123**	(15,337)
Loss for the period		**(305,717)**	(251,230)	**(178,228)**	(497,484)
Other comprehensive gain/(loss)					
Net monetary gain	2	**(644,971)**	292,701	**41,534**	480,650
Foreign currency translation		**581,694**	(99,356)	**(82,154)**	(611,591)
Comprehensive gain/(loss) for the period		**(368,994)**	(57,885)	**(218,848)**	(628,425)
Loss per share – basic and diluted	**$**	**(0.0)**	(0.0)	**(0.0)**	(0.01)
Weighted average number of shares outstanding		**129,546,221**	65,459,547	**97,552,202**	63,807,712

- See accompanying notes to the condensed interim consolidated financial statements -

Capella Minerals Limited (previously known as New Dimension Resources Ltd.)
Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars
Unaudited

For the six months ended

	Note	**November 30, 2020 $**	November 30, 2019 $
Cash provided by (used in):			
Operating activities			
Profit/(Loss) for the period		**(178,228)**	(497,484)
Items not affecting cash:			
Revaluation of contractual obligation payable	9	**(318,564)**	-
Unrealized movement on financial asset	7	**(40,000)**	-
Loss on sale of subsidiary	3	**51,084**	
Share-based payments	12	**84,972**	64,118
Write off (write back) of IVA receivable	4	**(1,123)**	15,337
Provision against deferred exploration and evaluation costs	8	**49,741**	**-**
Contractual obligation payable interest	9	**5,127**	16,073
Loan interest	11	**9,843**	6,247
Foreign exchange		**1,037**	(2,551)
Gain on sale of equipment		**(17,201)**	(18,037)
Changes in non-cash working capital	15	**(961,093)**	195,302
		(1,314,405)	(220,995)
Financing activities			
Shares issued	12	**3,624,992**	-
Financing costs	12	**(128,684)**	-
Loan proceeds/(payment)	11	**(223,660)**	255,000
		3,272,648	255,000
Investing activities			
Exploration and evaluation costs		**(188,545)**	(85,627)
Prepayment – acquisition of Scandinavian projects	5	**(32,810)**	-
Proceeds from farm out arrangement	8	**50,000**	-
Proceeds from sale of subsidiary	3	**131,184**	-
Deferred consideration received	8	**64,977**	-
Proceeds from sale of equipment		**17,201**	-
		42,007	(85,627)
Change in cash		**2,000,250**	(51,622)
Effect of fluctuations in exchange rates on cash		**124,782**	(12,614)
Cash – beginning of year		**43,219**	73,773
Cash – end of year		**2,168,251**	**9,537**

Supplemental cash flow information	15

– See accompanying notes to the condensed interim consolidated financial statements –

Capella Minerals Limited (previously known as New Dimension Resources Ltd.)
Condensed Interim Consolidated Statement of Shareholders' Equity (Deficiency)
Expressed in Canadian Dollars
Unaudited

	Share capital (Number of Shares)	Share capital (Amount)	Reserves – Warrants	Reserves – Options	Reserves- Foreign Currency Translation	Accumulated Deficit	Total
		$	$	$	$	$	$
May 31, 2019	**62,173,832**	**14,224,766**	**336,180**	**1,413,451**	**(476,981)**	**(12,165,108)**	**3,332,308**
Share-based payments	-	-	-	64,118	-	-	64,118
Loss for the year	-	-	-	-	-	(497,484)	(497,484)
Shares issued – contractual obligation payable	4,600,000	230,000	-	-	-	-	230,000
Net monetary gain	-	-	-	-	480,650	-	480,650
Foreign currency translation	-	-	-	-	(611,591)	-	(611,591)
November 30, 2019	**66,773,832**	**14,454,766**	**336,180**	**1,477,569**	**(607,922)**	**(12,662,592)**	**2,998,001**
Share-based payments	-	-	-	2,833	-	-	2,833
Loss for the year	-	-	-	-	-	(5,021,176)	(5,021,176)
Shares issued – contractual obligation payable	-	-	-	-	-	-	-
Net monetary gain	-	-	-	-	371,346	-	371,346
Foreign currency translation	-	-	-	-	(262,094)	-	(262,094)
May 31, 2020	**66,773,832**	**14,454,766**	**336,180**	**1,480,402**	**(498,670)**	**(17,683,768)**	**(1,911,090)**
Shares issued- debt conversion	6,432,714	385,963	-	-	-	**-**	**385,963**
Shares issued- private placement (net of costs)	60,416,531	3,412,786	-	-	-	**-**	**3,412,786**
Shares issued - contractual obligation payable	3,400,000	170,000	-	-	-	-	**170,000**
Shares issued	500,000	45,000	-	-	-	-	**45,000**
Share-based payments – options	-	-	83,522	84,972	-	-	**168,494**
Loss for the period	-	-	-	-	-	(178,228)	**(178,228)**
Net monetary gain	-	-	-	-	41,534	-	**41,534**
Reclassification to profit or loss on disposal of subsidiary					492,275		**492,275**
Foreign currency translation	-	-	-	-	(410,121)	-	**(410,121)**
November 30, 2020	**137,523,077**	**18,468,515**	**419,702**	**1,565,374**	**(374,982)**	**(17,861,996)**	**2,216,613**

–See accompanying notes to the condensed interim consolidated financial statements –

1. Nature of Operations and Going Concern

Capella Minerals Limited (previously known as New Dimension Resources Ltd) (the "Company" or "Capella") is incorporated under the laws of the Province of British Columbia, Canada. The Company's corporate office and registered address and records office being located at 8681 Clay Street, Mission, British Columbia.

The Company engages primarily in the acquisition, exploration and evaluation of mineral properties in Sweden, Norway, Canada and Argentina. During the period ending November 30, 2020 the Company entered into an agreement to acquire 100% interests in the Southern Gold Line Project located in central Sweden, and the Løkken and Kjøli copper-zinc-gold-silver projects located in central Norway from EMX Royalty Corp ("EMX"). The Company also entered into a binding Letter of Intent to sell its Argentine subsidiary Minera Mariana S.A ("Minera Mariana") to Cerrado Gold Inc.("Cerrado") and announced the closing of the sale of its Sierra Blanca Gold-Silver Project to Austral Gold Ltd ("Austral').

These unaudited condensed interim consolidated financial statements for the three and six months ended November 30, 2020 (the "interim financial statements") have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred a deficit of $17,861,996 at November 30, 2020 and has no current source of revenue. The Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations and exploration expenditure. There can be no assurances that management's future plans for the Company will be successful. The Company will require additional financing in order to fund working capital requirements and conduct additional acquisitions, exploration and evaluation of mineral properties. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of assets and liabilities that might be necessary, should the Company be unable to continue as a going concern.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen an impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they are expected to have an impact on our exploration activities, cash flow and financial condition.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

2. Basis of Presentation

These interim financial statements have been prepared in accordance with *IAS 34 - Interim Financial Reporting*.

The interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial reporting Standards ("IFRS") and should be read in conjunction with the annual consolidated financial statements for the year ended May 31, 2020 (the "Annual Financial Statements"), which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. The accounting policies used in these interim financial statements are consistent with those disclosed in the Annual Financial Statements for the year ended May 31, 2020, except where noted.

Historical cost

These financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value and balances related to the Argentinean subsidiaries that have applied IAS 29 during the year.

Expressed in Canadian dollars

2. Basis of Presentation- continued

Approval

These interim financial statements of the Company were approved and authorized for issue by the Board of Directors on January 28, 2021.

Hyperinflationary reporting

During the years ended May 31, 2020 and 2019 and to the period ending November 30, 2020, Argentina was officially considered a hyperinflationary economy, and as a result *IAS 29 – Financial Reporting in Hyperinflationary Economies* ("IAS 29") was applied with effect from June 1, 2018 to Capella's subsidiaries Minera Mariana Argentina SA and Sierra Blanca SA, as the standard requires that the financial statements of a subsidiary entity that has the functional currency of a hyper-inflationary economy be restated in accordance with IAS 29 before being included in the consolidated financial statements.

Accordingly, adjustments and reclassifications for the purposes of presentation of IFRS financial statements include restatement, in accordance with changes in general purchasing power of the functional currency (Argentinean pesos), and as a result, are stated in terms of the measuring unit at the end of the reporting period. The measuring unit used is the Wholesale Price Index as published the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

The Wholesale Price Index for each month during the period as published by the FACPCE is detailed below:

Jun-2018	144.81
Jul-2018	149.30
Aug-2018	155.10
Sep-2018	165.24
Oct-2018	174.15
Nov-2018	179.64
Dec-2018	184.26
Jan-2019	189.61
Feb-2019	196.75
Mar-2019	205.96
Apr-2019	213.05
May-2019	219.57
Jun-2019	225.54
Jul-2019	230.49
Aug-2019	239.61
Sep-2019	253.71
Oct-2019	262.07
Nov-2019	273.22

Dec-2019	283.44
Jan-2020	289.83
Feb-2020	295.67
Mar-2020	305.55
Apr-2020	310.12
May-2020	314.91
Jun-2020	321.97
Jul-2020	328.20
Aug-2020	337.06
Sep-2020	346.62
Oct-2020	359.66
Nov-2020	371.02

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at November 30, 2020. Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit as at November 30, 2020) are restated by applying the relevant index.

Expressed in Canadian dollars

2. Basis of Presentation- continued

The application of IAS 29 results in an adjustment for the loss of purchasing power of the Argentinean peso. The resulting net monetary loss/gain is derived as the difference resulting from restatement of non-monetary assets and liabilities, equity and items in the Condensed Interim Consolidated Statement of Comprehensive Income or Loss. The net monetary gain of $41,534 (2019: $480,650); resulting from a monetary gain of $14,810 (2019: $457,402) in relation to the restatement of non-monetary assets and liabilities, and a monetary gain of $26,724 (2019: $23,248) relating to the restatement of income and expenditure items, has been recorded in Other Comprehensive Income in the Condensed Interim Consolidated Statement of Profit or Loss and Comprehensive Income or Loss for the period ending November 30, 2020.

Balances included in the Condensed Interim Consolidated Statement of Cash Flows have been adjusted to reflect the application of IAS 29, and as a result the balances presented in the cash flow will differ from the actual cash flows at the time of the transaction. The requisite Wholesale Price Index has been applied to relevant movements in the period and the resulting impact is reflected in the foreign exchange movement in the Condensed Interim Consolidated Statement of Cash Flows.

Principles of Consolidation

The condensed interim consolidated financial statements include the accounts of the Company and its 100% controlled entities as follows:

Entity	Country of Incorporation	Functional Currency
Minera Mariana Argentina S. A.	Argentina	Argentinean Peso
NDR Guernsey Limited	Guernsey	Canadian dollar
NDR Holdings Limited	Guernsey	Canadian dollar
New Dimension Guernsey Limited	Guernsey	Canadian dollar
Mariana International Limited	Guernsey	Canadian dollar
Dimension Resources (USA) Inc.	U.S.A.	Canadian dollar

New Accounting policies

The Company adopted the following policy during the period.

Farm-outs — in the exploration and evaluation phase
The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experiences and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and further periods if the revision affects both current and future periods.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen an impact on our business to date, with some delays in corporate and operational activities being experienced as a result of restrictions imposed by governments in dealing with the pandemic. The scale and duration of these developments continue to remain

2. Basis of Presentation- continued

uncertain as at the date of this report creating ongoing uncertainty and as a result certain assumptions and estimates used in the preparation of these financial statements are subject to greater volatility than normal.

The most significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, the valuation of share-based payments, the valuation of other income on deferred premiums, the valuation of the contractual obligation payable, the valuation of amounts receivable from governments and the valuation of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

(i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. The provision against exploration and evaluation costs in relation to the Argentinean projects will be reassessed and revalued as at the date of finalization of the Cerrado deal.

(ii) Valuation of share-based payments

The determination of the fair value of stock options or warrants using stock pricing models requires the input of highly subjective variables, including expected price volatility. Wide fluctuations in the variables could materially affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.

(iii)Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

(iv) Non-cash transactions

Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

(v) Functional currency

The Company has evaluated the economic environment its entities operate in and determined that the functional currency of its Argentinean subsidiaries is the Argentinean peso and that the functional currency of its other entities, including the parent is the Canadian dollar.

Expressed in Canadian dollars

2. Basis of Presentation- continued

(vi) Contractual obligation payable

The Company has a contractual obligation to pay up to $400,000 per year for a period of up to 15 years to acquire certain assets in Argentina. The terms of this payable were amended during the period ended November 30, 2020. Refer Note 9. The Company has assessed the contractual obligation payable for the acquisition of the Argentinean assets as being more likely than not to not continue past 5 years from the effective date of the amendment to the agreement. Subsequent to the period end, as part of the finalisation of the Cerrado deal on January 22, 2021, the annual payments of the Company owing to Sandstorm Gold Limited ("SSL") were extinguished in respect of the Las Calandrias and Los Cisnes projects under a share purchase agreement dated February 19, 2018 as amended and assigned. Revaluation of the contractual obligation payable will be recorded as at the date of finalisation of this transaction.

(vii) Hyperinflation reporting

The application of IAS 29 during the year has required the Company to use judgment in the assessment and classification of items as monetary and non-monetary, and the selection and application of the inflation index used to calculate the net monetary impact in the year with regard to its Argentinean subsidiaries.

3. Disposal of subsidiary

On October 13, 2020, the Company announced the closing of the acquisition of Capella's Sierra Blanca Gold-Silver Project ("Sierra Blanca project") in Santa Cruz Province, Argentina by Austral. The transaction enables Austral to acquire an initial 80% interest in Sierra Blanca S.A ("Sierra Blanca") that owns the Sierra Blanca project, with a 'follow-on' option to purchase the remaining 20% interest. The Company issued 500,000 shares to IAMGOLD in consideration for an option to acquire one-half of the royalty on the Sierra Blanca project.

Details of the disposal are as follows:

	$
Consideration consists of:	
Cash	131,184
Fair value of retained investment – 20%	34,317
Total consideration	165,501
Less costs to dispose – issue of shares	(45,000)
Less carrying value of net assets of subsidiary	(171,585)
Total loss on disposal	**(51,084)**

Carrying value of net assets in subsidiary consist of

		$
Exploration and evaluation assets	8	166,667
Cash at bank		8,952
Other receivables		5,500
Total assets		181,119
Accounts payable and accrued liabilities		(9,534)
Carrying value of net assets		**171,585**

The Company has recorded $51,084 in the Condensed Interim Statement of Profit or Loss for the subsidiary for the period to the date of disposal, and transferred $492,275 from the foreign currency translation reserve, this being the cumulative amount of the exchange differences relating to that foreign operation. The Company has recorded the retained investment of 20% in Sierra Blanca SA as a financial asset. Refer to Note 7 for further details.

Expressed in Canadian dollars

4. Receivables

	November 30, 2020	May 31, 2020
	$	$
HST/GST/VAT receivable	65,631	1,518
Other receivables	16,719	27,076
	82,350	**28,594**

During the period the Company wrote back IVA receivable of $1,123 (2019 – nil). The Company recognises IVA when it is refunded by the Argentinean tax authority.

5. Other

	November 30, 2020	May 31, 2020
	$	$
Pre-acquisition cost – EMX properties	32,810	-
Pre-transaction - project expenditure	306,528	-
	339,338	**-**

The Company has incurred costs to the operator at the Southern Gold Line project in Sweden and Kjoli in Norway during the six months ending November 30, 2020 in relation to exploration activities undertaken. The Company has not yet recorded the acquisition of these projects at November 30, 2020, as the transaction is still subject to TSXV approval, and as a result, the Company has recorded project costs incurred to date as pre-transaction project expense. The Company paid $32,810 (US$25,000) on signing of the acquisition agreement with EMX. These costs will be reallocated to exploration and evaluation expenditure once formal approval for the acquisition of the projects is complete.

6. Accounts payable, accrued & other liabilities

		November 30, 2020	May 31, 2020
		$	$
Accounts payable		221,264	328,236
Accrued liabilities		110,790	696,501
Other	(i)	64,977	-
		397,031	**1,024,737**

(i) During the period, the Company received USD50,000 (C$64,977) from Cerrado on signing of a Letter of Intent in relation to the sale of its 100% interest in its Argentine subsidiary, Minera Mariana. Minera Mariana is owner of the Las Calandrias and Los Cisnes gold-silver projects, in addition to an extensive portfolio of exploration concessions in the Eastern Deseado Massif, Santa Cruz Province, southern Argentina. The transaction is subject to successful completion of due diligence and TSXV approval at November 30, 2020. Final closing of the deal occurred subsequent to balance date on January 22, 2021. Refer to Note 8 & 18 for further detail.

Expressed in Canadian dollars

7. Financial Instruments

Categories of financial instruments

		November 30, 2020	May 31, 2020
		$	$
Financial assets			
FVTPL			
Cash		2,168,251	43,219
Quoted equity shares	(i)	420,000	-
Unquoted equity shares	(ii)	34,317	-
		2,622,568	**43,219**
Financial liabilities			
Amortized cost			
Accounts payable, accrued & other liabilities		397,031	1,024,737
Loans		40,000	546,717
Contractual obligation payable		1,235,915	1,719,352
		1,672,946	**3,290,806**

(i) The Company received 2,000,000 Ethos Gold Corp. (TSX.V: ECC) ("Ethos") shares as part of the Savant Lake farm out deal. Refer Note 8. These shares were revalued at November 30, 2020 resulting in an unrealized gain of $40,000 being recorded in the condensed interim statement of profit or loss.
(ii) This balance reflects the fair value of the remaining 20% interest in the company Sierra Blanca SA which was disposed of during the period. Refer Note 3.

Fair value of financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The Company's classifications of financial instruments within the fair value hierarchy are summarized below:

	November 30, 2020	May 31, 2020
	$	$
Level 1		
Cash	2,168,251	43,219
Quoted equity shares	420,000	-
Level 2	-	-
Level 3	-	-
Unquoted equity shares	34,317	-

The carrying value of accounts payable, accrued and other liabilities, loans and contractual obligation payable approximate their fair value.

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

7. Financial Instruments (continued)

a) Currency Risk
The Company is primarily exposed to currency fluctuations relative to the Canadian dollar through expenditures that are predominantly denominated in US dollars and Argentinean Pesos. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

The Company is exposed to foreign currency risk through the following financial assets and liabilities denominated in currencies other than Canadian dollars:

November 30, 2020	**Cash**	**Receivables**	**Accounts payable and accrued liabilities**
	$		**$**
US dollars	**175,500**	**-**	**19,459**
Argentinean peso	**63,992**	**-**	**179,407**
Great British pounds	**-**	**-**	**728**
Swedish krona		**47,138**	**243,440**

May 31, 2020	Cash	Accounts payable and accrued liabilities
	$	$
US dollars	860	137,441
Argentinean peso	7,727	239,450
Australian dollars	-	81,632

At November 30, 2020 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase pre-tax loss by $15,639 (2019: $37,851).

b) Interest rate and credit risk
The Company has a positive cash balance as at November 30, 2020. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at November 30, 2020 and November 30, 2019 the Company did not hold any short-term investments or cash equivalents.

Receivables consist of goods and services tax and taxes due from the governments of Canada and Sweden. Management believes that the credit risk concentration with respect to receivables is limited.

c) Liquidity risk
Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at November 30, 2020, the Company had cash of $2,168,251 (May 31, 2020 - $43,219) to settle current liabilities of $692,809 (May 31, 2020 - $2,701,409). Included in current liabilities is a balance owed to related parties of $29,459. Refer to Note 13 for further details. Also included in current liabilities is a balance of $205,106 for the current portion of the contractual obligation payable to SSL. During the period ended November 30, 2020, this payable was renegotiated and terms amended. Refer to Note 9 for further details.

d) Commodity Price risk
The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in the market prices of gold and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Expressed in Canadian dollars

8. Exploration and Evaluation Assets

	Las Calandrias Santa Cruz, Argentina	Los Cisnes, Santa Cruz, Argentina	Sierra Blanca, Santa Cruz, Argentina	Savant Lake, Ontario, Canada	Total
	$	$	$	$	$
Balance May 31, 2019	**3,065,267**	**880,419**	**358,840**	**1,287,368**	**5,591,894**
Camp, travel, administration and other costs	51,543	7,491	6,288	11,010	**76,332**
Geologists and data collection	115,453	4,687	6,203	-	**126,343**
Drilling and assay costs	-	-	402	-	**402**
IAS 29 adjustment- historic	299,399	132,563	8,068	-	**440,030**
Foreign exchange movement	(406,483)	(180,382)	(11,724)	-	**(598,589)**
Balance November 30, 2019	**3,125,179**	**844,778**	**368,077**	**1,298,378**	**5,636,412**
Acquisition and tenure	-	-	-	30,000	**30,000**
Camp, travel, administration and other costs	51,164	7,729	6,393	6,546	**71,832**
Geologists and data collection	213,957	-	(42)	-	**213,915**
Drilling and assay costs	-	-	19	-	**19**
Provision against exploration and evaluation assets	(3,443,371)	(876,059)	(209,457)	-	**(4,528,887)**
IAS 29 adjustment- historic	235,609	104,554	6,681	-	**346,844**
Foreign exchange movement	(182,538)	(81,002)	(5,004)	-	**(268,544)**
Balance May 31, 2020	**-**	**-**	**166,667**	**1,334,924**	**1,501,591**
Acquisition and tenure					
Camp, travel, administration and other costs	19,882	6,201	-	3,179	**29,262**
Geologists and data collection	23,658	-	-	-	**23,658**
Provision against exploration and evaluation assets	(43,540)	(6,201)	-	-	**(49,741)**
Farm out recoveries	-	-		(430,000)	**(430,000)**
Sale of subsidiary	-	-	(166,667)	-	**(166,667)**
Balance November 30, 2020	**-**	**-**	**-**	**908,103**	**908,103**

Included in the exploration and evaluation additions in Argentina for the six months ending November 30, 2020 is an IAS 29 adjustment of $14,810 (2019: $17,372) this has been included as a net monetary gain in Other Comprehensive Income/(Loss) in the Condensed Interim Statement of Profit or Loss as at November 30, 2020. Refer to Note 2 for further details.

During the six months ended November 30, 2020, the Company recorded a further $49,741 to its write down provision initially recognised in the year ended May 31, 2020 against its Las Calandria and Los Cisnes projects to reflect the Company's change in exploration strategy. During the six months ended November 30, 2020 the Company moved its focus from its Argentinean portfolio to its newly acquired Swedish and Norwegian projects. As at November 30, 2020 a total provision of $4,578,628 has been recorded against the Company's Argentinean projects.

On October 13, 2020, the Company finalised an agreement with Austral whereby Austral purchased an 80% interest in the Sierra Blanca project from the Company. The Company issued 500,000 shares to IAMGOLD in consideration for an option to acquire one-half of the royalty on the Sierra Blanca project. Refer to Note 3 for details.

8. Exploration and Evaluation Assets - continued

SCANDINAVIAN PROJECTS

On August 11, 2020, the Company announced that it had entered into an option and purchase agreement with EMX Royalty Corporation (NYSE American: EMX; TSX Venture: EMX) for the acquisition of 100% interests in the Southern Gold Line Project in central Sweden, and the Løkken and Kjøli copper-zinc-gold-silver projects in central Norway. An on-site Due Diligence was completed on the properties in late August / early September and an initial payment of USD 25,000 (C$32,810) was made to EMX. The original purchase agreement was subsequently amended on November 25, 2020, with the elimination of the initial one-year option period and the introduction of a share issuance cap on the 9.9% equity to be issued to EMX. The Company is also required to reimburse EMX US$68,000 for future land holding payments in Sweden. The agreements also contain a 2.5% royalty, of which 0.5% may be acquired for US$ 1M. The Company is waiting on final approval for the transaction from the TSXV and has not recorded the transaction as an acquisition as at November 30, 2020 but recorded costs incurred to date at the Scandinavian projects as prepayments of project expenditure and deferred acquisition cost. Refer to Note 5.

Southern Gold Line, Sweden
The Southern Gold Line ("SGL) project is located in central Sweden and consists of 6 licences covering 500 square kilometres of highly prospective terrain located immediately adjacent to Dragon Mining Ltd's Fäboliden development project and Svartliden Gold Mine[1]. The main target types in the SGL concessions are orogenic gold deposits in similar geologic and structural settings to the Fäboliden and Svartliden deposits. Field activities at SGL were reinitiated during September 2020.

Løkken and Kjøli, Norway
The Løkken and Kjøli projects in north-central Norway consist of large claim blocks (210 square kilometres and 150 square kilometres, respectively) covering both past-producing, high-grade copper-zinc-silver-gold mines as well as drill-ready regional exploration targets. Løkken is considered to be one of the largest ophiolite-hosted massive sulfide ("VMS") deposits to be developed in the world and has multiple satellite bodies of mineralization with varying degrees of development in addition to poorly-explored regional targets located along strike of the major deposits. Similarly, the Kjøli project is located in the northern extension of the prolific Røros VMS mining district, with recently-completed airborne geophysical surveys having identified numerous exploration targets that have yet to be followed up. Field activities undertaken at Kjøli during the reporting period included a detailed ground magnetic survey and trial ionic leach geochemical surveys.

[1]References made to nearby mines and analogous deposits provide context for the Southern Gold Line project but are not necessarily indicative that the project hosts similar tonnages or grades of mineralization

ARGENTINEAN PROJECTS

On October 28, 2020 the Company announced it had entered into a Binding Letter of Intent ("LOI") with Cerrado. for the sale of its 100% interest in its Argentine subsidiary, Minera Mariana Argentina S.A. ("Minera Mariana"). Minera Mariana is owner of the Las Calandrias and Los Cisnes gold-silver projects, in addition to a portfolio of exploration concessions in the Eastern Deseado Massif, Santa Cruz Province, southern Argentina. On January 7, 2021 the Company announced it had entered into a Share Purchase Agreement with Cerrado pursuant to which Capella will sell its 100% interest in Minera Mariana to Cerrado. The final closing of the transaction occurred subsequent to balance date on January 22, 2021.

Highlights of the Transaction:

- The Company received USD 50,000 in cash within 10 days of signing of the Binding LOI.
- The Company received CAD 2.25 million in Cerrado shares.
- The Company will retain indirect exposure to future exploration and operational success at both Las Calandrias and Don Nicolas through its shareholding in Cerrado.

Under the terms of the Transaction, Capella received 1,125,000 Cerrado shares on closing. However, the Company transferred 562,500 of the Cerrado shares to SSL in consideration of the extinguishment of the annual maintenance payments of the Company owing to SSL in respect of the Las Calandrias and Los Cisnes projects under a share purchase agreement dated February 19, 2018 as amended and assigned.

Expressed in Canadian dollars

8. Exploration and Evaluation Assets - continued

The Company has receipted USD50,000 (C$64,977) and will record this as deferred consideration to the date of finalization of the transaction . Refer Note 6 for further detail.

Las Calandrias Santa Cruz, Argentina
The Company has a 100% interest in the Las Calandrias gold-silver property, subject to a 2% Net Smelter Royalty ("NSR") payable to SSL and a 0.25% NSR payable to certain employees. Both NSR's would be payable in the event of future commercial production of gold and/or silver being achieved. The Company has recorded as at November 30, 2020 a total write down provision of $3,486,911 in relation to the Las Calandrias project.

Los Cisnes, Santa Cruz, Argentina
The Company has a 100% interest in the Los Cisnes gold-silver property, subject to a 2% NSR payable to SSL in the event of future commercial production of gold and/or silver being achieved. The Company has recorded as at November 30, 2020 a total write down provision of $882,260 in relation to the Los Cisnes project.

CANADIAN PROJECTS

Savant Lake Property, Ontario, Canada
Effective April 1, 2016, the Company entered into an agreement to earn a 100% interest in the Savant Lake Property, in Ontario. As at November 30, 2020, the Company had met all of its share and cash commitments and has earned its 100% interest in the Savant Lake property. The property is subject to a 2% NSR, of which 1% can be purchased for $1,000,000.

On September 21, 2020, the Company announced that it had executed an earn-in agreement with Ethos in which Ethos may earn-in to a 70% interest in the Savant Lake project in return for staged cash and share payments to the Company and work commitments. See below for schedule:

	Cash	Ethos Shares	Work Commitment
On signing	$50,000	2,000,000	-
September 20, 2021	$50,000	2,000,000	$500,000
September 20, 2022	$50,000	2,000,000	$1,500,000
September 20, 2023	$50,000	2,000,000	$500,000
Total	**$200,000**	**8,000,000**	**$2,000,000**

In addition, in the event of a National Instrument 43-101 ("NI-43-101") compliant mineral resource of >1 million ounces of gold being defined on the property, then Ethos will make a further payment to the Company of $50,000 in cash and 2,000,000 Ethos shares.

As at November 30, 2020 the Company had receipted $50,000 in cash and 2,000,000 Ethos shares. The Company will account for the agreement as a farm-out and has adopted the following accounting policy:

> *Farm-outs — in the exploration and evaluation phase*
> The Company does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any consideration received directly from the farmee credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the Company as a gain on disposal.

The Company has accounted for the Ethos shares received as a financial asset as at November 30, 2020. Refer to Note 7 for details.

Domain Project, Manitoba, Canada
The Domain Project consists of a three mineral claims in northern Manitoba. The Company currently holds a 29.56% interest in the property, with the remaining interest held by Yamana Gold Inc. Capitalized costs related to the property were written off during the year ended May 31, 2013.

Expressed in Canadian dollars

9. Contractual Obligation Payable

The Company has a contractual obligation payable of $1,235,915 in relation to its acquisition on May 14, 2018 of its interests in the Las Calandrias, Los Cisnes and Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	November 30, 2020	May 31, 2020
	$	$
Current	205,106	961,504
Non-current	1,030,809	757,848
	1,235,915	**1,719,352**

Reconciliation of movements for the six months ended November 30, 2020 are as follows:

Opening balance	1,719,352
Interest	5,127
Repayment	(170,000)
Revaluation	(318,564)
Closing balance	**1,235,915**

On June 4, 2020, the Company and SSL renegotiated the annual payments due under the agreement with SSL. Annual payments will now become due by applying the following criteria with effect from June 30, 2019:

- No annual payment due if market capitalization of the Company is less than C$10 million on the anniversary date of payment.
- Annual payment of C$200,000 due if market capitalization is between C$10 million and C$20 million on the anniversary date of payment; and
- Annual payment of C$400,000 due if market capitalization is above C$20 million on the anniversary date of payment.

These criteria have been applied to all future annual payment obligations.

As a result of the application of these revised criteria the contractual obligation payable was revalued during the period ended November 30, 2020 with a revaluation gain of $318,564 being recorded in the six months ended November 30, 2020.

The contractual obligation requires the Company to make annual payments of up to $400,000 per year (depending on market capitalisation of the Company as detailed above) in either cash or shares until the earlier of:

- December 31, 2032,
- commencement of commercial production,
- expropriation of the properties or
- the Company returns a project in accordance with the terms of the acquisition agreement

During the six months ended November 30, 2020 the Company recorded interest expense of $5,127 (2019: $16,073) in relation to the contractual obligation payable and $944 for the three months ending November 30, 2020.

Annual payments are due on the anniversary date of the acquisition of its interests in the Las Calandrias, Los Cisnes and Sierra Blanca projects, being May 14, 2018. Management has assessed that the contractual obligation period will not extend beyond five years from the effective date of the amended terms of the contractual obligation payable. Management considered the above terms of the agreement and the expected timeline for completion regarding each potential end to the obligation payments in making this judgment. The Company has therefore recognized the net present value of its obligation over five years, using an average discount rate of 0.28%.

As at May 31, 2019 the Company was required to deliver to SSL the balance of the first annual payment in relation to the contractual obligation of $400,000 in shares. As agreed with SSL this payment was to be made in 8,000,000 shares at $0.05. On September 26, 2019 the Company issued 4,600,000 shares as partial payment of the first annual payment, with the balance of 3,400,000 shares at $0.05 ($170,000) being delivered on October 19, 2020.

Expressed in Canadian dollars

9. Contractual Obligation Payable (continued)

The annual payments described above are payable in Company Shares, however the Company may elect to make a payment in cash. If the payments are made in Company Shares, the number of shares to be issued will be based on a price per Company Share equal to the greater of: (i) the 20-day trailing volume weighted average trading price of the Company Shares on the Exchange as at the due date for the applicable payment; and (ii) the minimum price that is acceptable to the Exchange.

Under the terms of the Transaction with Cerrado, Capella received 1,125,000 Cerrado shares on closing. However, the Company transferred 562,500 of the Cerrado shares to SSL in consideration of the extinguishment of the annual maintenance payments of the Company owing to SaSL in respect of the Las Calandrias and Los Cisnes projects under a share purchase agreement dated February 19, 2018 as amended and assigned.

10. Provision

In February 2020, four employees of the company's subsidiary company in Argentina, Minera Mariana Argentina SA were made redundant, resulting in a redundancy provision being recorded.

	November 30, 2020 **$**	May 31, 2020 $
Opening balance	208,451	-
Provision	-	255,971
Payments	(72,537)	(59,029)
Foreign exchange movement	(45,242)	11,509
Closing balance	**90,672**	**208,451**

The full balance of the provision is expected to be paid within 12 months from the date the redundancy was agreed. The amount of the provision to be paid increases by 25% every 6 months (commencing from the date of the signed agreement) on the balance that remains unpaid.

11. Loans

	November 30, 2020 **$**	May 31, 2020 $
Other liabilities	-	546,717
	-	**546,717**
Current (i) & (ii) & (iii)	-	506,717
Non-current (iv)	40,000	40,000
	40,000	**546,717**

(i) On August 8, 2019, the Company received a cash injection of $200,000 by entering into a short-term loan agreement with SSL. The loan and interest of 10% per annum, compounding quarterly, carried an initial 3 month term but may be rolled over by mutual agreement for successive three month periods until such time as payment is made An additional cash injection of $115,000 was received from SSL in February 2020 on the same terms as the earlier loan. A further cash injection of $100,000 was received from SSL in March 2020 on the same terms as the earlier loans. Interest of $9,843 has been recorded on the SSL loans for the six months ending November 30, 2020.The total debt and interest owing to SSL was settled during the period ended November 30, 2020 by cash and shares for debt payment. Refer Note 12 & 13.

(ii) In July 2019, the Company received an unsecured, interest-free loan, with no pre-set repayment terms of $30,000 from director E Roth a further $5,000 in October 2019 and a further $14,221 in February 2020 on the same terms. The total debt owing to E Roth was settled as part of the debt conversion completed on September 16, 2020. Refer to Note 12.

11. Loans (continued)

(iii) In September 2019, the Company received an unsecured, interest-free loan, with no pre-set repayment terms of $20,000 from director, M. Little. Subsequent to August 31, 2020, the total debt owing to M Little was settled as part of the debt conversion completed on September 16, 2020. Refer to Note 12.

(iv) In April 2020, the Company received $40,000 as part of the Bank of Montreal's Canada Emergency Business Account ("CEBA") program introduced as part of the Canadian Government's COVID-19 relief measures. The Company entered into an interest-free loan of $40,000 with the Bank of Montreal, guaranteed by the Government of Canada, to help cover operating costs for businesses which may have been impacted by COVID-19. The Government program payment timelines are as follows:

- The Canada Emergency Business Account will be funded as a revolving line of credit and is interest free until Dec. 31, 2020
- Any outstanding balance will be converted to a term loan on Jan. 1, 2021 and remains interest free until Dec. 31, 2022
- If repaid by Dec. 31, 2022, 25% of balance will be forgiven
- If outstanding on Jan. 1, 2023, 5% interest starts
- The remaining balance is to be paid in full no later than Dec. 31, 2025

The repayment of the loan will be through the Bank of Montreal, not the Canadian Government.

12. Share Capital and Reserves

(i) Authorized share capital
Unlimited common shares without par value.

Share issuances

a) On March 8, 2019, the Company announced the closing of a private placement of 13,374,100 units at $0.055. Gross proceeds of $735,575 were received. The units are comprised of one common share and one half of one share purchase warrant. Each warrant is exercisable at $0.125 per share for an 18-month period and $0.25 for an additional 18 months. In connection with the placement the Company paid an aggregate fee of $20,641 and issued 375,300 finders warrants under the same terms and conditions of the unit warrants, to certain persons who introduced subscribers to the Company: and other charges of $20. The finders' warrants were valued at $13,500 and were recognized as share issuance cost during the year ended May 31, 2019. All securities issued under the placement were subject to a four month hold period trade restriction expiring on July 9, 2019.

b) On March 29, 2019, the Company issued 300,000 of shares owing with respect to the Company's Savant Lake project in Ontario, Canada. The shares were valued at $15,000.

c) On September 26, 2019, the Company issued 4,600,000 shares at $0.05 per share to SSL to partially fulfil the first-year annual obligation payment which was due on the anniversary date of acquisition under the original agreement with SSL. Refer to Note 9 for further details.

d) On September 8, 2020, the Company announced the completion of a non-brokered private placement, for proceeds of $3,624,992. The Company successfully completed the sale and conversion of 60,416,531 units at $0.06 per unit. The units are comprised of one common share and one share purchase warrant entitling the holder to acquire one additional common share at $0.12 until expiry September 3, 2023. The Company paid an aggregate of $128,684.in broker fees and issued 2,081,730 brokers warrants under the same terms and conditions of the unit warrants. All securities issued under the placement are subject to a four month hold period trade restriction expiring January 4, 2021.

e) On September 16, 2020, the Company announced it had agreed to settle $385,963 of outstanding indebtedness to current and former insiders of the Company with the issuance of 6,432,714 common shares of the Company at a deemed price of $0.06 per share ($83,522). All proposed shares issued in settlement of debt will be subject to a hold period trading restriction expiring 4 months and 1 day after issuance. The Company issued the shares to settle the debt effective September 15, 2020.

f) On October 19, 2020 the Company issued 3,400,000 shares at $0.05 per share to SSL to complete payment of the first-year annual obligation payment which was due on the anniversary date of acquisition under the original agreement with SSL. Refer to Note 9 for further details.

g) On October 19, 2020, the Company issued 500,000 shares at $0.09 per share to IAMGOLD for payment of costs in relation to the sale of the Sierra Blanca project. Refer to Note 3 for further details

Expressed in Canadian dollars

12. **Share Capital and Reserves (continued)**

(ii) Stock options

Under the terms of the Company's stock option plan, the maximum number of shares in respect of which options may be outstanding is equivalent to 10% of the issued and outstanding shares of the Company. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis or 2% if the optionee is engaged in investor relations activities or if the optionee is a consultant.

The vesting periods of options outstanding range from immediately to one year and maximum terms of options are set at 5 years from the grant date.

a) Movements in stock options during the period:

	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 2019	4,084,000	$0.25
Balance, November 30, 2019	4,084,000	$0.25
Expired	(282,600)	$0.25
Balance, May 31, 2020	3,801,400	$0.25
Issued	4,980,000	$0.12
Balance, November 30, 2020	**8,781,400**	**$0.18**

b) Fair value of options granted

On November 4, 2020, the Company granted an aggregate of 4,980,000 incentive stock options to one director and one officer of the Company. During the six months ended November 30, 2020 a total value of $84,972 (2019 - $64,118) has been recorded to reserves – options and to share-based payments expense. The portion of share-based payments recorded is based on the vesting schedule of the options.

The fair value of these options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

Risk-free interest rate	0.25%
Expected dividend yield	nil
Expected stock price volatility	131.46%
Expected life	3
Expected forfeiture rate	nil

On October 18, 2018, the Company granted an aggregate of 250,000 incentive stock options to one director and one officer of the Company. The fair value of these options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

Risk-free interest rate	1.75%
Expected dividend yield	nil
Expected stock price volatility	216.58%
Expected life	5
Expected forfeiture rate	nil

Expressed in Canadian dollars

12. **Share Capital and Reserves (continued)**

On June 4, 2018, the Company granted 3,350,000 stock options to directors, officers, employees and consultants at a price of $0.25 per share for a period of 5 years. The fair value of the options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

Risk-free interest rate	1.75%
Expected dividend yield	nil
Expected stock price volatility	217.79%
Expected life	5
Expected forfeiture rate	nil

c) Stock options outstanding

Options Outstanding	Options Exercisable	Price per Share	Remaining contractual life (years)	Expiry date
141,400	141,400	$ 0.38	0.47	May 19, 2021
60,000	60,000	$ 0.34	1.32	March 27, 2022
3,350,000	3,350,000	$ 0.25	2.51	June 4, 2023
250,000	250,000	$ 0.15	3.39	October 18, 2023
4,980,000	1,660,000	$ 0.12	2.88	November 4, 2023
8,781,400	**5,461,400**			

The weighted average exercise price of the options exercisable at November 30, 2020 is $0.21.

(iii) Share purchase warrants

a) Movements in warrants during the period:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, May 31, 2019	7,062,350	$0.125
Balance, November 30, 2019	7,062,350	$0.125
Balance, May 31, 2020	7,062,350	$0.125
Issued	62,558,260	$0.12
Balance, November 30, 2020	**69,620,610**	**$0.12**

The Company issued 60,416,530 warrants and 2,141,730 finders' warrants as part of the private placement completed in September 2020. The 60,416,530 warrants were valued at $nil based on the residual value method.

b) Fair value of finders' warrants issued

On September 3, 2020, the Company issued 2,141,730 finders' warrants. During the period ended November 30, 2020 a total value of $83,522 (2019 - $nil) has been recorded to reserves – warrants and to share issue costs. The fair value of these finders' warrants granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

Risk-free interest rate	0.25%
Expected dividend yield	nil
Expected stock price volatility	131.46%
Expected life	3
Expected forfeiture rate	nil

Expressed in Canadian dollars

12. **Share Capital and Reserves (continued)**

On March 8, 2019, the Company issued 375,300 finders' warrants. The fair value of these finders' warrants granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

Risk-free interest rate	1.77%
Expected dividend yield	nil
Expected stock price volatility	244.45%
Expected life	1.5
Expected forfeiture rate	nil

c) Warrants outstanding

The Company issued 62,558,260 warrants (including 2,141,730 finders' warrants) as part of the private placement in September 2020. Each warrant enables the holder to acquire one additional common share at $0.12 until expiry September 3, 2023.

The Company issued 7,062,350 warrants (including 375,300 finders' warrants) as part of the private placement completed in March 2019. Each warrant enables the holder to acquire one additional common share at $0.125 during the first 18 months and $0.25 thereafter until expiry March 8, 2022. The warrants will be further subject to accelerated expiry terms. Namely, the Company has the right to accelerate expiry of the warrants if the closing price of Company's shares equals or exceeds $0.25 per common share for 10 consecutive trading days during the first 18 months, or $0.50 per common share thereafter.

13. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

a) Related party transactions

The Company incurred the following transactions in the normal course of operations in connection with an officer and/or director or companies which have or had a director and/or officers in common.

	Six months ended November 30, 2020 $	**Six months ended November 30, 2019 $**
Consulting	140,362	108,150
Share-based payments	78,146	52,532

b) Related party balances	**November 30, 2020 $**	May 31, 2020 $
ER Global – Eric Roth - Chief Executive Officer	10,000	278,247
Genco Professional Services Sharon Cooper – Chief Financial Officer	-	81,632
Scott Heffernan (resigned November 2019)	-	27,414
Perihelion Inc - Mary Little	12,973	43,987
Glen Parsons	6,486	38,636
John Wenger (resigned November 2019)	-	28,785
Cameron McLean (resigned February 2020)	-	88,467
Marketworks Inc Kathryn Witter -Corporate Secretary	-	27,450

Expressed in Canadian dollars

13. Related Party Transactions (continued)

c) Compensation of key management personnel (which includes management and directors)

The remuneration for the services of key management personnel was as follows:

		Six months ended November 30, 2020 $	**Six months ended November 30, 2019 $**
Salary/Exploration/Consulting	(i)	140,362	183,150
Share based payments		78,146	26,733

(i) Key management were not paid post-employment benefits or other long-term benefits were paid during the six months ended November 30, 2020 and November 30, 2019.

d) Other

The Company also has a contractual obligation payable balance of $1,235,915 to SSL. The Company issued 3,400,000 shares in payment of the annual payment balance owing. Refer Note 9 for further detail. Under the terms of the Transaction with Cerrado finalized on January 22,2021 Capella received 1,125,000 Cerrado shares on closing. However, the Company transferred 562,500 of the Cerrado shares to SSL in consideration of the extinguishment of the annual maintenance payments of the Company owing to SSL in respect of the Las Calandrias and Los Cisnes projects under a share purchase agreement dated February 19, 2018 as amended and assigned.

On September 16, 2020, the Company repaid in full a loan owing to SSL of $447,320 by cash payment of $223,660 and debt conversion by issue of 3,727,666 shares @ $0.06.

On September 16, 2020, the Company announced it had agreed to settle $385,963 of outstanding indebtedness to current and former insiders of the Company (including loan balance above owed to SSL) with the issuance of 6,432,714 common shares of the Company at a deemed price of $0.06 per share. All proposed shares issued in settlement of debt will be subject to a hold period trading restriction expiring 4 months and 1 day after issuance. The Company issued the shares to settle the debt effective September 15, 2020.

14. Segmented Information

The Company's business consists of one reportable segment – the acquisition, exploration and evaluation of mineral properties. Details on a geographic basis are as follows:

	November 30, 2020	May 31, 2020
	$	$
Total Non-current long-lived assets		
Canada	908,103	1,334,924
South America	-	166,667
	908,103	**1,501,591**

During the period ending November 30, 2020 the Company entered into an option and purchase agreement to acquire 100% interests in the Southern Gold Line Project located in central Sweden, and the Løkken and Kjøli copper-zinc-gold projects located in central Norway. TSXV approval for the transaction had not been received as at November 30, 2020 and as a result expenditure incurred in relation to these project has been recorded as a prepayment of project expenditure at November 30, 2020. Refer Note 5 & 8 for further details.

Expressed in Canadian dollars

15. Supplemental Cash Flow Information

	Six months ended November 30, 2020 $	Six months ended November 30, 2019 $
Changes in non-cash working capital		
Movement in receivables	(53,756)	22,924
Movement in prepaid expenses	(13,108)	2,571
Movement in accounts payable and accrued liabilities and provisions	(894,229)	169,807
	(961,093)	195,302

	Six months ended November 30, 2020 $	Six months ended November 30, 2019 $
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	378,229	203,468
Contractual obligation interest payable	5,127	16,073
Loan payable interest- debt conversion	4,921	6,247
Debt conversion	381,042	-
Finders warrants issued	83,522	-
Share issue- contractual obligation payable	170,000	-
Share issue Sierra Blanca transaction - IAMGOLD	45,000	-
Unrealized revaluation movement of financial asset	(40,000)	-
Supplementary disclosure of cash flow information:		
Cash paid for interest	4,921	-
Cash paid for income taxes	-	-

16. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity (deficiency) and loans.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There are no external requirements imposed on the Company regarding its capital management.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments selected with regards to the expected timing of expenditures from continuing operations.

The Company expects to require additional financings to carry out its exploration and evaluation plans and operations through its current operating period.

17. Commitments and Contingencies

The Company has the following commitments and contingencies in relation to the revised acquisition terms for the Southern Gold Line, Løkken and Kjøli projects are as follows:

- Until Capella has completed financings to the value of CAD 4,500,000, EMX will retain a free carried 9.9% shareholding in Capella (subject to a cap of 12,693,785 shares). Afterwards, EMX retains the option to participate in future financings at its own discretion (in progress).
- On or before September 1, 2021, Capella shall incur no less than USD 100,000 in exploration expenditures on each of the three projects (in progress).
- On or before September 1, 2022, Capella shall incur an additional USD 500,000 in exploration expenditures aggregated across three projects (or on any one project).
- Beginning September 1, 2023, Capella commits to completing at least 1,000m of drilling on each project per year until the earlier of: i) a minimum of 10,000m has been completed on such project ii) the date that Capella has delivered to EMX a relinquishment notice in respect of a project or iii) the date that the parties mutually agree that no further drilling is warranted.
- From the second anniversary of signing (September 1, 2022), Capella will be required to make advanced royalty payments to EMX of USD 25,000 per project, increasing USD 5,000/year up until reaching a maximum of USD 75,000/year per project.
- Capella to make additional payments of USD 500,000 to EMX upon:
  - The filing of a Preliminary Economic Assessment technical report
  - The filing of a National Instrument 43-101 ("NI-43101) compliant feasibility study
- EMX to retain a 2.5% NSR in the projects, with 0.5% being purchasable for USD 1M within 6 years
- Capella to reimburse EMX USD 68,000 for pre-payment of future land holding costs in Sweden

18. Subsequent events

On January 7, 2021 the Company announced that further to its October 28, 2020 announcement, the Company had entered into a Share Purchase Agreement with Cerrado pursuant to which Capella will sell its 100% interest in its Argentine subsidiary, Minera Mariana, to Cerrado. On January 25, 2021, the Company announced the closing of its transaction with Cerrado.