

CAPELLA MINERALS LIMITED
(formerly New Dimension Resources Ltd)

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2021

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Capella Minerals Limited (formerly New Dimension Resources Ltd.)

Opinion

We have audited the accompanying consolidated financial statements of Capella Minerals Limited (formerly New Dimension Resources Ltd.) (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2021 and 2020, and the consolidated statements of profit or loss and comprehensive profit or loss, cash flows, and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has incurred a deficit of \$16,131,935 at May 31, 2021 and has no current source of revenue. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

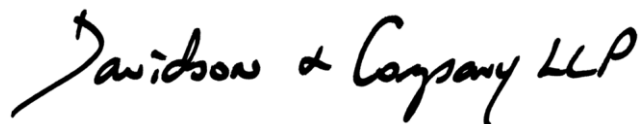
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

September 28, 2021

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at

	Note	May 31, 2021 \$	May 31, 2020 \$
ASSETS			
Current			
Cash		1,103,663	43,219
Receivables	5	15,347	28,594
Prepaid expenses		154,890	14,763
		<u>1,273,900</u>	<u>86,576</u>
Non-current			
Exploration and evaluation assets	8	3,130,253	1,501,591
Financial assets	7	1,848,333	-
Investment in Associates	4	126,040	-
		<u>5,104,626</u>	<u>1,501,591</u>
TOTAL ASSETS		<u>6,378,526</u>	<u>1,588,167</u>
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	6	181,805	1,024,737
Contractual obligation payable	9	29,870	961,504
Provision	10	-	208,451
Loans	11	-	506,717
		<u>211,675</u>	<u>2,701,409</u>
Non-current			
Contractual obligation payable	9	129,118	757,848
Loans	11	40,000	40,000
		<u>169,118</u>	<u>797,848</u>
TOTAL LIABILITIES		<u>380,793</u>	<u>3,499,257</u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	12	20,102,141	14,454,766
Reserves – warrants	12	419,702	336,180
Reserves – options	12	1,607,742	1,480,402
Reserves – foreign currency translation		83	(498,670)
Accumulated deficit		(16,131,935)	(17,683,768)
		<u>5,997,733</u>	<u>(1,911,090)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		<u>6,378,526</u>	<u>1,588,167</u>
Nature of operations and going concern	1		
Basis of presentation	2		
Subsequent events	21		

APPROVED ON BEHALF OF THE BOARD ON September 24, 2021:

Eric Roth
Director

Glen Parsons
Director

- See accompanying notes to the consolidated financial statements –

Capella Minerals Limited (formerly New Dimension Resources Ltd)
Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss
Expressed in Canadian Dollars

For the years ended

	Note	May 31, 2021 \$	May 31, 2020 \$
General and administrative expenses			
Management and administrative fees	15	397,517	365,414
Share-based payments	12	127,340	66,951
Shareholder information and meetings		96,622	41,915
Regulatory and transfer agent fees		76,899	15,852
Office and general		52,919	102,207
Professional fees		130,621	140,727
Salaries and benefits		3,918	239,588
		(885,836)	(972,654)
Net gain on sale of subsidiaries	4	2,265,802	-
Unrealized movement – financial assets	7	343,333	-
Revaluation of contractual obligation payable	9	318,563	-
Interest and other income -net	14	23,986	64,005
Provision against/write off of deferred exploration and evaluation costs	8	-	(4,528,887)
Foreign exchange- reallocation from FCTR	4	(276,450)	-
Loss on settlement of contractual obligation payable	9	(136,000)	-
Property investigation costs	8	(71,069)	(3,247)
Foreign exchange gain/(loss)		(12,573)	(3,613)
Loan interest	11	(9,823)	(22,496)
Contractual obligation payable interest	9	(6,191)	(32,147)
Write off of IVA receivable	5	(1,909)	(19,621)
		1,551,833	(5,518,660)
Other comprehensive gain/(loss)			
Net monetary gain /(loss)	2	70,450	851,996
Foreign currency translation		151,853	(873,685)
		1,774,136	(5,540,349)
Comprehensive income/(loss) for the year			
Income/(Loss) per share – basic	\$	0.01	(0.08)
Income/(Loss) per share – diluted	\$	0.01	(0.08)
Weighted average number of shares outstanding – basic		119,279,386	66,337,336
Weighted average number of shares outstanding –diluted		167,586,422	66,337,336

- See

accompanying notes to the consolidated financial statements –

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

For the years ended

	Note	May 31, 2021 \$	May 31, 2020 \$
Cash provided by (used in):			
Operating activities			
Gain/(Loss) for the year		1,551,833	(5,518,660)
Items not affecting cash:			
Revaluation of contractual obligation payable	9	(318,563)	-
Net gain on sale of subsidiaries	4	(2,265,802)	-
Unrealized movement on financial assets	7	(343,333)	-
Gain on sale of truck	13	(17,201)	(18,037)
Foreign exchange- reallocation from FCTR	4	276,450	
Loss on settlement of contractual obligation payable	9	136,000	
Provision against deferred exploration and evaluation costs		-	4,528,887
Share-based payments	12	127,340	66,951
Foreign exchange		12,573	3,613
Loan interest	11	9,823	22,496
Contractual obligation payable interest	9	6,191	32,147
Write off of IVA receivable	5	1,909	19,621
IVA received		-	(17,914)
Changes in non-cash working capital	18	(488,201)	565,496
		(1,310,981)	(315,400)
Financing activities			
Proceeds from shares issued - net	12	3,496,308	-
Proceeds/(payments) from loans	11	(223,660)	524,221
		3,272,648	524,221
Investing activities			
Exploration and evaluation costs	8	(1,101,376)	(331,737)
Proceeds from sale of subsidiaries	4	110,319	-
Proceeds from farm out arrangement	8	50,000	-
Proceeds from sale of equipment	14	17,201	18,037
IVA refunded		-	17,914
		(923,856)	(295,786)
Change in cash		1,037,811	(86,965)
Effect of fluctuations in exchange rates on cash		22,633	56,411
Cash – beginning of year		43,219	73,773
Cash – end of year		1,103,663	43,219
Supplemental cash flow information	18		

– See accompanying notes to the consolidated financial statements -

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statement of Changes in Shareholders' Equity/(Deficiency)

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

	Share capital (Number of Shares) (i)	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	-	-	-	66,951	-	-	66,951
Loss for the year	-	-	-	-	-	(5,518,660)	(5,518,660)
Shares issued – contractual obligation payable	4,600,000	230,000	-	-	-	-	230,000
Net monetary gain	-	-	-	-	851,996	-	851,996
Foreign currency translation	-	-	-	-	(873,685)	-	(873,685)
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	83,522	-	-	-	3,496,308
Shares issued - contractual obligation payable	3,400,000	306,000	-	-	-	-	306,000
Shares issued - IAMGOLD	500,000	45,000	-	-	-	-	45,000
Shares issued - EMX	13,614,785	1,497,626	-	-	-	-	1,497,626
Share-based payments	-	-	-	127,340	-	-	127,340
Income for the year	-	-	-	-	-	1,551,833	1,551,833
Net monetary gain	-	-	-	-	70,450	-	70,450
Foreign currency translation	-	-	-	-	151,853	-	151,853
Reclassification of foreign currency translation reserve balance to profit or loss on disposal of subsidiaries	-	-	-	-	276,450	-	276,450
May 31, 2021	151,137,862	20,102,141	419,702	1,607,742	83	(16,131,935)	5,997,733

- See accompanying notes to the consolidated financial statements –

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

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 development of gold and copper properties with a current emphasis on Sweden, Norway and Canada. During the year May 31, 2021, the Company entered into an agreement to acquire 100% interests in the Southern Gold Line Project located in central Sweden, and the Løkken and Kjølvi copper-zinc- projects located in central Norway from EMX Royalty Corp ("EMX"). The Company sold its Argentine subsidiary Minera Mariana S.A ("Minera Mariana") to Cerrado Gold Inc. (TSX.V:CERT.V) ("Cerrado") and announced the closing of the sale of its Sierra Blanca gold-silver project to Austral Gold Ltd (ASX:AGD; TSX-V:AGLD) ("Austral") during the year ended May 31, 2021.

These consolidated financial statements for the year ended May 31, 2021 (the "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 \$16,131,935 at May 31, 2021 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 ongoing 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.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

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 former Argentinean subsidiaries that have applied IAS 29 during the year. These financial statements have been prepared using the accrual method for cash flow transactions.

Approval

These financial statements of the Company were approved and authorized for issue by the Board of Directors on September 24, 2021.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

2. Basis of Presentation- continued

Hyperinflationary reporting

During the years ended May 31, 2021 and 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 former 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
Dec-2020	385.88
Jan-2021	401.51

Monetary assets and liabilities are not restated because they are already expressed in terms of the monetary unit current as at January 22, 2021 (this being the date of disposal of the remaining Argentinean subsidiary). Non-monetary assets and liabilities (items which are not already expressed in terms of the monetary unit as at January 22, 2021) are restated by applying the relevant index.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

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 Consolidated Statement of Comprehensive Income or Loss to the date of disposal. The net monetary gain of \$70,450 (2020: \$ 851,996); resulting from a monetary gain of \$17,728 (2020: \$837,080) in relation to the restatement of non-monetary assets and liabilities, and a monetary gain of \$52,722 (2020: \$14,916) relating to the restatement of income and expenditure items, was recorded in Other Comprehensive Income in the Consolidated Statement of Profit or Loss and Comprehensive Income or Loss to the date of disposal. Following the sale of the foreign subsidiaries holding the Argentinean project licenses, these balances were reclassified to the Consolidated Statement of Profit or Loss during the year ending May 31, 2021.

Balances included in the 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 Consolidated Statement of Cash Flows.

Following the sale of the Argentinean subsidiaries during the year ended May 31, 2021, the Company will no longer be required to apply IAS 29.

Principles of Consolidation

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

Entity	Country of Incorporation	Functional Currency
NDR Guernsey Limited	Guernsey	Canadian dollar
Dimension Resources (USA) Inc.	U.S.A.	Canadian dollar
Bastutrask Holdings AB *	Sweden	Swedish kroner
Norra Metals 1 AS*	Norway	Norwegian kroner

*Consolidated from April 22, 2021 (Note 8)

Subsidiaries disposed of during the twelve months ended May 31, 2021, and no longer consolidated are:

Minera Mariana Argentina S. A.	Argentina	Argentinean Peso
Sierra Blanca S.A.	Argentina	Argentinean Peso
NDR Holdings Limited	Guernsey	Canadian dollar
New Dimension Guernsey Limited	Guernsey	Canadian dollar
Mariana International Limited	Guernsey	Canadian dollar

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.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

2. Basis of Presentation- continued

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.

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 the contractual obligation payable, hyperinflationary reporting, non-cash transaction and functional currency.

Significant estimates and critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the 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.

(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) 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.

(iv) Functional currency

The Company has evaluated the economic environment its entities operate in and determined that the functional currency of its newly incorporated entities Bastutrask Holdings AB and Norra Metals 1 AS is the Swedish kroner and Norwegian Kroner respectively. The functional currency of its other entities, including the parent is the Canadian dollar. It was determined that the Company's former Argentinean subsidiaries had the Argentinean peso as their functional currency.

(v) Contractual obligation payable

The Company has a contractual obligation to pay up to \$50,000 per year for a period of up to 15 years (from inception) to acquire certain assets in Argentina. The terms of this payable were amended on June 4, 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. 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. The remaining annual payment obligation is in relation to the Sierra Blanca project.

(vi) 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 former Argentinean subsidiaries.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

3. Significant Accounting Policies

a) Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company, Dimension Resources (USA) Inc., and the Guernsey subsidiary is the Canadian Dollar. The functional currency of the Norwegian subsidiary is the Norwegian kroner and the functional currency of the Swedish subsidiary is the Swedish kroner. The functional currency of the former Argentinean subsidiaries is the Argentinean Peso. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates ("IAS 21").

Any transactions in currencies other than the functional currency have been translated to the Canadian dollar in accordance with IAS 21. The Company's presentation currency is the Canadian dollar ("\$").

b) Income/(Loss) per Share

Basic income/(loss) per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted income/(loss) per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the income/(loss) per share. The dilutive effect of convertible securities is reflected in the diluted income/(loss) per share by application of the "if converted" method.

c) Share-based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. On exercise the value of the instruments are reclassified to share capital.

The fair value of the share purchase options granted to employees or those that provide services similar to employees are measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the share purchase options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share purchase options that are expected to vest. Share purchase options granted to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received.

d) Warrants

The Company has adopted a residual value method with respect to the measurement of warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed reserves.

Finders' warrants issued as a private placement share issue cost are valued using the Black-Scholes option pricing model.

e) Exploration and Evaluation Assets

Exploration costs are capitalized as intangible assets on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Exploration and evaluation assets include overheads on the acquisition, exploration and evaluation of interest in licenses and tangible assets directly related to the mineral properties. When it is determined that such costs will be recovered through successful development and exploitation, expenditures are transferred to tangible assets and depreciated over the expected productive life of the asset. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies – continued

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped resource properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to farm out its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to resource properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many resource properties. The Company has investigated title to all of its resource properties and, to the best of its knowledge, title to all of its properties are in good standing.

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.

f) Impairment

At the end of each reporting period the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statements of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax **bases**. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when

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Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies – continued

the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the asset.

The following temporary differences do not result in deferred tax assets or liabilities:

- the initial recognition of assets or liabilities that do not affect accounting or taxable profit
- goodwill

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

h) Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment. An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. For the years presented, the Company did not have any environmental rehabilitation provisions.

i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification and measurement of financial assets: IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Recognition: At initial recognition, the Company measures a financial asset at its fair value plus transactions costs in the case of a financial asset not recorded at FVTPL.

Classification and measurement: The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through OCI, or profit or loss) and those to be held at amortized cost. Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

De-recognition: The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment: Financial assets measured at amortized cost and FVOCI, the Company is required to record an allowance for expected credit loss (“ECL”) upon initial recognition of the financial instrument.

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Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies – continued

i) Financial Instruments (continued)

The Company recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortized cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment including forward-looking information.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

For trade receivables, contract assets and lease receivables held at amortized cost, the Company measures the loss allowance using the simplified approach. Cash and other receivables are assessed under a general approach.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial liabilities:

Recognition: All financial liabilities are recognized initially at fair value.

Classification and measurement: Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

The Company’s financial liabilities include trade and other payable/ loan and contractual obligation payable.

De-recognition and subsequent remeasurement: The Company derecognizes its financial liabilities when its contractual obligations are discharged, cancelled or expire. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Trade and other payables are subsequently measured at amortized cost.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies – continued

j) New Accounting Policies and Pronouncements

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Company.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have an impact on the Company.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities - As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed in Note 2. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Accounting Standards and Interpretations issued but not yet effective

Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ending May 31, 2021, are outlined below:

Amendments to IFRS 3: Definition of a Business - The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

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3. Significant Accounting Policies – continued

j) New Accounting Policies and Pronouncements (continued)

Amendments to IAS 1 and IAS 8 Definition of Material - The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Company.

The amendments listed above did not have a significant impact on the Company's financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. At this stage, it is not expected that these new accounting standards will have a material impact on the amounts reported in the Company's financial statements

4. Disposal of subsidiaries

a) Sierra Blanca

On October 13, 2020, the Company closed the acquisition of Capella's Sierra Blanca gold-silver project (“Sierra Blanca project”) in Santa Cruz Province, Argentina by Austral Gold Ltd (“Austral”). The transaction enables Austral to acquire an initial 51% interest in Sierra Blanca S.A (“Sierra Blanca”), the Argentine subsidiary that owns the Sierra Blanca project, with a 'follow-on' option to purchase the remaining 49% interest. The Company issued 500,000 shares to IAMGOLD Corporation (“IAMGOLD”) valued at \$45,000 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 proceeds – 51%	131,184
Fair value of retained investment – 49%	126,040
Total consideration	257,224
Less costs to dispose – issue of shares	(45,000)
Less carrying value of net assets of subsidiary	(171,585)
Total gain on disposal	40,639

Carrying value of net assets in subsidiary consist of :

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

The Company recorded a gain on disposal of \$40,639 in the Statement of Profit or Loss for the subsidiary and transferred \$25,442 from the foreign currency translation reserve to the Statement of Profit or Loss, this being the cumulative amount of the exchange differences relating to that foreign operation. The Company has recorded the retained investment of 49% in Sierra Blanca SA as an investment in associate under the equity method. The Company recognised \$nil for its portion of losses incurred from the date of deconsolidation to May 31, 2021.

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Notes to the Consolidated Financial Statements

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4. Disposal of subsidiaries (continued)

b) Mineral Mariana Argentina

On October 28, 2020, the Company entered into a Binding Letter of Intent ("LOI") with Cerrado for the sale of its 100% beneficial 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 entered into a Share Purchase Agreement with Cerrado pursuant to which Capella will sell its 100% beneficial interest in Minera Mariana to Cerrado. The final closing of the transaction occurred on January 22, 2021.

Details of the Transaction include:

- The Company received USD 50,000
- The Company received \$2,250,000 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 1,666,668 Cerrado shares (valued at \$2,250,000) on closing. However, the Company transferred 833,334 of the Cerrado shares (valued at \$1,125,000) 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. Refer Note 9.

Details of the disposal are as follows:

	\$
Consideration consists of:	
Cash	64,977
Fair value of Cerrado shares received	2,250,000
Total consideration	2,314,977
Less costs to dispose	(39,772)
Less payable to SSL	(1,125,000)
Add extinguishment of contractual obligation payable	1,077,992
Less carrying value of net assets of subsidiaries	(3,034)
Total gain on disposal	2,225,163

Carrying value of net assets in subsidiaries consist of

	\$
Cash at bank	76,890
Other receivables	75,940
Total assets	152,830
Accounts payable and accrued liabilities	(149,796)
Carrying value of net assets	3,034

The Company recorded a gain of \$2,225,163 in the Statement of Profit or Loss for the sale of its subsidiaries for the year ending May 31, 2021, and reclassified \$301,892 from the foreign currency translation reserve, this being cumulative amount of exchange differences relating to that foreign operation.

Subsidiaries disposed of as part of the Cerrado transaction and no longer consolidated at May 31, 2021 are:

Minera Mariana Argentina S. A.	Argentina	Argentinean Peso
NDR Holdings Limited	Guernsey	Canadian dollar
New Dimension Guernsey Limited	Guernsey	Canadian dollar
Mariana International Limited	Guernsey	Canadian dollar

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

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5. Receivables

	May 31, 2021	May 31, 2020
	\$	\$
HST/GST receivable	15,084	1,518
Other receivables	263	27,076
	15,347	28,594

During the year ended May 31, 2021 the Company wrote off IVA receivable of \$1,909 (2020 –\$19,621). The Company recognised IVA when it was refunded by the Argentinean tax authority.

6. Accounts payable, accrued & other liabilities

	May 31, 2021	May 31, 2020
	\$	\$
Accounts payable	85,320	328,236
Accrued liabilities	96,485	696,501
	181,805	1,024,737

7. Financial Instruments

Categories of financial instruments

	May 31, 2021	May 31, 2020
	\$	\$
Financial assets		
FVTPL		
Cash	1,103,663	43,219
Quoted equity shares (i) & (ii)	1,848,333	-
	2,951,996	43,219
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	181,805	1,024,737
Loan	40,000	546,717
Contractual obligation payable	158,988	1,719,352
	380,793	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 May 31, 2021, resulting in an unrealized gain of \$60,000 being recorded in the statement of profit or loss for the year ending May 31, 2021.

(ii) The Company received 833,334 Cerrado Gold Inc (TSX.V: CERT.V) (“Cerrado”) shares as part of the sale of the Argentinean subsidiary on January 22, 2021. (refer Note 4). These shares were revalued at May 31, 2021 resulting in an unrealized gain of \$283,333 being recorded in Statement of Profit or Loss for the year ending May 31, 2021.

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.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

7. Financial Instruments (continued)

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

	May 31, 2021	May 31, 2020
	\$	\$
Financial Assets		
Level 1		
Cash	1,103,663	43,219
Quoted shares	1,848,333	-
Level 2	-	-
Level 3	-	-
Financial Liabilities		
Level 1	-	-
Level 2	-	-
Level 3	-	-
Contractual obligation payable	158,988	1,719,352

The carrying value of accounts payable, accrued and other liabilities, loans and contractual obligation payable approximate their fair value due to their short-term maturity.

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.

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, Swedish kroner and Norwegian kroner. 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:

May 31, 2021	Cash	Accounts payable and accrued liabilities
	\$	\$
US dollars	87,505	24,144
Swiss francs		15,427
<hr/>		
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 May 31, 2021 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase pre-tax loss by \$4,793 (2020: \$44,993).

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Consolidated Financial Statements

For the Year Ended May 31, 2021

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7. Financial Instruments (continued)

b) Interest rate and credit risk

Interest risk is the risk that the value of assets and liabilities will change when the related interest rates change. The Company is not currently exposed to interest rate risk. The Company's long-term debt will attract interest with effect from December 31, 2022 if not paid prior. The Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing. The Company has a positive cash balance. 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 May 31, 2021 and May 31, 2020 the Company did not hold any short-term investments or cash equivalents.

Receivables primarily consist of goods and services tax and taxes due from the government of Canada. 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 May 31, 2021 the Company had cash of \$1,103,663 (May 31, 2020 - \$43,219) to settle current liabilities of \$211,675 (May 31, 2020 - \$2,701,409) which includes \$29,870 which is the current portion of the contractual obligation payable which is payable in equity shares.

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.

e) Equity price risk

The Company is exposed to equity price risk for equity investments at fair value through profit and loss. Equity price risk is the risk that the fair value of a financial instrument varies due to equity market changes. The Company's equity investments are exposed to equity price risk since their fair value is determined through the last closing share price on the relevant stock exchange. The Company has no specific strategy to manage the equity price risk.

At May 31, 2021 with other variables unchanged a +/- 10% change of the quoted equity investment value at the end of the reporting period would result in a decrease/increase in pre-tax loss of \$184,833 (2020: nil),

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statement of Changes in Shareholders' Equity/(Deficiency)

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

8. Exploration and Evaluation Assets

	Southern Gold Line, Sweden	Løkken, Norway	Kjøli, Norway	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
Acquisition and tenure	-	-	-	-	-	-	30,000	30,000
Camp, travel, administration and other costs	-	-	-	102,707	15,220	12,681	17,556	148,164
Geologists and data collection	-	-	-	329,410	4,687	6,161	-	340,258
Drilling and assay costs	-	-	-	-	-	421	-	421
Provision against exploration and evaluation assets	-	-	-	(3,443,371)	(876,059)	(209,457)	-	(4,528,887)
IAS 29 adjustment	-	-	-	535,008	237,117	14,749	-	786,874
Foreign exchange movement	-	-	-	(589,021)	(261,384)	(16,728)	-	(867,133)
Balance May 31, 2020	-	-	-	-	-	166,667	1,334,924	1,501,591
Acquisition and tenure	584,553	620,897	629,394	-	-	-	-	1,834,844
Camp, travel, administration and other costs	46,499	75,956	-	-	-	-	3,179	125,634
Geologists and data collection	24,958	76,249	128,639	-	-	-	-	229,846
Drilling and assay costs	3,514	31,491	-	-	-	-	-	35,005
Sale of subsidiary	-	-	-	-	-	(166,667)	-	(166,667)
Farm out recoveries	-	-	-	-	-	-	(430,000)	(430,000)
Balance May 31, 2021	659,524	804,593	758,033	-	-	-	908,103	3,130,253

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statement of Changes in Shareholders' Equity/(Deficiency)

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

8. Exploration and Evaluation Assets (continued)

SCANDINAVIAN PROJECTS

On August 11, 2020, the Company entered into an option and purchase agreement with EMX Royalty Corp (NYSE:EMX; TSXV:EMX) (“EMX”) for the acquisition of 100% interests in the Southern Gold Line Project in central Sweden, and the Løkken and Kjølvi copper-zinc projects in central Norway. This 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 required to issue a further maximum number of 2,079,000 anti-dilution shares to EMX under the option and purchase agreement. These shares will be issued as part of the next private placement undertaken by the Company. The Company received final approval for the transaction from the TSXV on April 7, 2021.

Purchase consideration for the projects consisted of the following:

		\$
Cash consideration	(i)	32,810
Shares issued	(ii)	1,497,626
Other costs to acquire	(iii)	223,221
Total consideration		1,753,657
Allocation of purchase price is as follows:		
Project - Kjølvi		584,552
Project - Løkken		584,552
Project - Sth Gold Line		584,553
		1,753,657

- (i) The Company paid \$32,810 (US\$25,000) on signing of the acquisition agreement with EMX.
- (ii) On April 7, 2021, the Company issued 13,614,785 shares at \$0.11 to EMX Royalty Corp under the option and purchase agreement.
- (iii) The Company incurred license costs of \$114,772 and legal costs of \$108,449 in the process of gaining TSX:V approval for the transaction.

The Company allocated the total purchase consideration evenly across each of the projects acquired.

Southern Gold Line, Sweden

The Southern Gold Line (“SGL”) project is located in central Sweden and consists of 6 licences covering 500 square kilometres.

Løkken and Kjølvi, Norway

The Løkken and Kjølvi projects located in north-central Norway consist of large claim blocks (210 square kilometres and 246 square kilometres, respectively).

There is a 2.5% royalty over the Scandinavian properties, of which 0.5% may be acquired for US\$ 1M.

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. By April 1, 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.

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8. Exploration and Evaluation Assets (continued)

On September 21, 2020, the Company executed an earn-in agreement with Ethos Gold Corp (TSX:ECC) 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	\$1,000,000
September 20, 2023	\$50,000	2,000,000	\$500,000
Total	\$200,000	8,000,000	\$2,000,000

The terms of the agreement were amended subsequent to the reporting period. Refer to Note 21 for further details.

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 May 31, 2021 the Company had receipted \$50,000 in cash and 2,000,000 Ethos shares (valued at \$380,000). The Company will account for the agreement as a farm-out arrangement. The Company has accounted for the Ethos shares received as a financial asset as at May 31, 2021. Refer to Note 2 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.

ARGENTINEAN PROJECTS

On October 28, 2020, the Company entered into an LOI with Cerrado Gold Inc. for the sale of its 100% beneficial interest in its Argentine subsidiary, Minera Mariana. Minera Mariana is owner of the Las Calandrias and Los Cisnes gold-silver projects in the Eastern Deseado Massif, Santa Cruz Province, southern Argentina. During the year ended May 31, 2020, the Company recognized a write down provision of \$3,443,371 in relation to the Las Calandrias project and a provision of \$876,059 in relation to the Los Cisnes project. On January 7, 2021, the Company entered into a Share Purchase Agreement with Cerrado pursuant to which Capella will sell its 100% beneficial interest in Minera Mariana to Cerrado. The final closing of the transaction occurred on January 22, 2021. Refer to Note 4 for further details.

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 4 for details.

Included in the exploration and evaluation additions in Argentina for the year ending May 31, 2021 is an IAS 29 adjustment of \$17,728 (2020: \$837,080) was recorded as a net monetary gain in Other Comprehensive Income/(Loss) in the Statement of Profit or Loss to the date of disposal. Following disposal of the foreign subsidiary holding the license to this project, this balance was transferred to the Statement of Profit or Loss for the period ending May 31, 2021. Refer to Note 2 for further details.

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8. Exploration and Evaluation Assets (continued)

During the year ended May 31, 2021, the Company expensed \$68,936 in relation to its Las Calandrias and Los Cisnes projects relating to exploration expenditure incurred prior to the sale of the subsidiary Minera Mariana Argentina.

A total of \$71,069 has been expensed in relation to project expenses in the Statement of Profit or Loss as at May 31, 2021.

9. Contractual Obligation Payable

The Company has a contractual obligation payable of \$158,988 in relation to its acquisition on May 14, 2018 of its interests in the Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	May 31, 2021	May 31, 2020
	\$	\$
Current	29,870	961,504
Non-current	129,118	757,848
	158,988	1,719,352

Reconciliation of movements for the twelve months ended May 31, 2021, are as follows:

Opening balance	1,719,352
Interest	6,191
Repayment – Cerrado deal (Note 4)	(1,077,992)
Repayment – annual payment (shares)	(170,000)
Revaluation	(318,563)
Closing balance	158,988

During the for the twelve months ended May 31, 2021, the Company sold its interest in its Los Cisnes and Las Calandrias projects and under the terms of the transaction, the Company received 1,666,668 Cerrado shares on closing. However, the Company transferred 833,334 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.

As a result of the Cerrado transaction, the contractual obligation payable remaining is in relation to the annual payments for the Sierra Blanca project. The Company will be required to make the annual payment as follows:

- No annual payment due if market capitalization of the Company is less than \$10 million on the anniversary date of payment.
- Annual payment of \$25,000 due if market capitalization is between \$10 million and \$20 million on the anniversary date of payment; and
- Annual payment of \$50,000 due if market capitalization is above \$20 million on the anniversary date of payment.

The contractual obligation requires the Company to make annual payments of up to \$50,000 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

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9. Contractual Obligation Payable (continued)

On June 4, 2020, the Company and SSL renegotiated the annual payments in relation to its Los Cisnes, Las Calandrias and Sierra Blanca projects due under the agreement with SSL. Annual payments would 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 \$10 million on the anniversary date of payment.
- Annual payment of \$200,000 due if market capitalization is between \$10 million and \$20 million on the anniversary date of payment; and
- Annual payment of \$400,000 due if market capitalization is above \$20 million on the anniversary date of payment.

These criteria were applied to all future annual payment obligations at that date. As a result of the application of the revised criteria, the contractual obligation payable was revalued during the twelve months ended May 31, 2021, with a revaluation gain of \$318,563 being recorded.

During the twelve months ended May 31, 2021, the Company recorded interest expense of \$6,191 (2020: \$32,147) in relation to the contractual obligation payable.

During for the twelve months ended May 31, 2021, the Company sold its interest in the Los Cisnes and Las Calandrias projects and as a result the annual payments in relation to these projects were extinguished as part of the sale transaction. The remaining annual payment obligation is in relation to the Sierra Blanca project.

The annual payment is due on the anniversary date of the acquisition of its interest in the 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%.

The annual payment described above is payable in Company Shares, however the Company may elect to make a payment in cash. If the payment is 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.

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 \$0.09 (closing share price) valued at \$306,000, being delivered on October 19, 2020. A loss of \$136,000 was recognised in the Statement of Profit or Loss for the twelve months ending May 31, 2021 on settlement of the balance of the annual payment due under the contractual obligation payable.

10. Provision

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

	May 31, 2021	May 31, 2020
	\$	\$
Opening balance	208,451	-
Provision		255,971
Payments	(163,209)	(59,029)
Foreign exchange movement	(45,242)	11,509
Closing balance	-	208,451

The full balance of the provision was paid prior to the sale of the Company subsidiary Minera Mariana. (Note 4).

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11. Loans

	May 31, 2021	May 31, 2020
	\$	\$
Other liabilities	40,000	546,717
	40,000	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 rolled over by mutual agreement for successive three-month periods until payment was 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 \$9,823 was recorded on the SSL loans for the twelve months ending May 31, 2021. The total debt and interest owing to SSL was settled during the period ended May 31, 2021, by cash and shares for debt payment. Refer Note 12 & 15.
- (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 & 15.
- (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. The total debt owing to M Little was settled as part of the debt conversion completed on September 16, 2020. Refer to Note 12 & 15.
- (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.

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12. Share Capital and Reserves

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

Share issuances

- a) 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.
- b) On September 8, 2020, the Company announced the completion of a non-brokered private placement, for gross 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 2,141,730 brokers warrants (\$83,522) under the same terms and conditions of the unit warrants.
- c) 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 value of \$0.06 per share. The Company issued the shares to settle the debt effective September 15, 2020.
- d) On October 19, 2020, the Company issued 3,400,000 shares at \$0.09 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.
- e) 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 4 for further details.
- f) On April 7, 2021, the Company issued 13,614,785 shares to EMX Royalty Corp. for the acquisition of Capella's 100% interests in the Løkken and Kjølvi high-grade copper projects in Norway, and the Southern Gold Line Project in Sweden. Refer to Note 8 for further details.

- (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 year:

	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 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
Expired/cancelled	(1,386,400)	\$0.26
Balance, May 31, 2021	7,395,000	\$0.16

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12. Share Capital and Reserves (continued)

b) Fair value of options granted

On November 4, 2020, the Company granted an aggregate of 4,980,000 (2020 – nil) incentive stock options to one director and one officer of the Company. During the year ending May 31, 2021, a total value of \$127,340 (2020 - \$66,951) 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

c) Stock options outstanding

Options Outstanding	Options Exercisable	Price per Share	Remaining contractual life (years)	Expiry date
2,165,000	2,165,000	\$ 0.25	2.01	June 4, 2023
250,000	250,000	\$ 0.15	2.39	October 18, 2023
4,980,000	1,660,000	\$ 0.12	2.4	November 4, 2023
7,395,000	4,075,000			

The weighted average exercise price of the options exercisable at May 31, 2021 is \$0.19.

(iii) Share purchase warrants

a) Movements in warrants during the year:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, May 31, 2019	7,062,350	\$0.125
Balance, May 31, 2020	7,062,350	\$0.125
Issued	62,558,260	\$0.12
Balance, May 31, 2021	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 year ended May 31, 2021, a total value of \$83,522 (2020 - \$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

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12. Share Capital and Reserves (continued)

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 enabled 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. Property, Plant & Equipment

Office and camp equipment

At cost

	\$
Balance May 31, 2019	17,369
Balance May 31, 2020	17,369
Sale of subsidiary	(17,369)
Balance, May 31, 2021	-

Accumulated depreciation

Balance May 31, 2019	(17,369)
Balance May 31, 2020	(17,369)
Sale of subsidiary	17,369
Balance, May 31, 2021	-

Net book value

-

During the year, the Company sold one of its trucks in Argentina for \$17,201 (2020: \$18,037). The asset had been fully depreciated and no value had been recognised on the plant and equipment when acquired as part of Argentinean subsidiaries acquired in May 2018. The gain on sale has been recognised in the Statement of Loss for the year ending May 31, 2021. Refer to Note 14. On January 22, 2021, the Company sold its subsidiary Minera Mariana which held the property, plant & equipment assets. Refer Note 4.

14. Interest and Other Income

	May 31, 2021	May 31, 2020
	\$	\$
Interest and other	6,785	4,274
Gain on sale of securities- realised	-	23,780
Gain on sale of equipment	13 17,201	18,037
IVA received	-	17,914
	23,986	64,005

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15. Related Party Transactions

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.

	Year ended May 31, 2021	Year ended May 31, 2020
	\$	\$
Management fees	272,577	290,682
Salary costs	-	49,519
Share-based payments	117,112	54,559

b) Related party balances

	May 31, 2021	May 31, 2020
	\$	\$
Glen Parsons	12,072	38,636
Perihelion Inc - Mary Little	12,072	43,987
Marketworks Inc Kathryn Witter -Corporate Secretary	150	27,450
ER Global – Eric Roth - Chief Executive Officer	-	278,247
Genco Professional Services Sharon Cooper – Chief Financial Officer	-	81,632
Scott Heffernan	-	27,414
John Wenger	-	28,785
Cameron McLean	-	88,467

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

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

		Year ended May 31, 2021	Year ended May 31, 2020
		\$	\$
Salaries/Exploration/Consulting	(i)	272,577	326,494
Share based payments		117,112	27,390

(i) Key management were not paid post-employment benefits or other long-term benefits were paid during the twelve months ended May 31, 2021, and May 31, 2020.

d) Other

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

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15. Related Party Transactions (continued)

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:

- the Company has a contractual obligation payable balance of \$158,988 to SSL. During the year ended May 31, 2021 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 1,666,668 Cerrado shares on closing. However, the Company transferred 833,334 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 settled \$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 valued at \$0.06 per share.
- Insiders of the Company participated in the Offering completed on September 8, 2020 acquiring, directly or indirectly, an aggregate of 3,595,841 units.

16. 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:

	May 31, 2021	May 31, 2020
	\$	\$
Total Non-current long-lived assets		
Sweden	659,524	-
Norway	1,562,626	-
Canada	908,103	1,334,924
South America	-	166,667
	3,130,253	1,501,591

During the twelve months ended May 31, 2021 the Company entered into an option and purchase agreement with EMX for the acquisition of 100% interests in the Southern Gold Line Project in central Sweden, and the Løkken and Kjølvi copper-zinc projects in central Norway. Refer Note 8 for further details.

17. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	May 31, 2021	May 31, 2020
	\$	\$
Gain/(Loss) before taxes	1,551,833	(5,518,660)
Expected income tax (recovery)/expense	403,000	(1,381,000)
Changes in statutory and foreign exchange rates	(46,000)	50,000
Non-deductible expenditures/(revenues)	(571,000)	1,258,000
Change in unrecognized deductible temporary differences and other	214,000	73,000
Total income tax expense (recovery)	-	-

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17. Income Taxes (continued)

Significant components of deductible temporary differences, unused tax losses and unused tax credits that have not been included on the consolidated statements of financial position are as follows:

	2021 \$	Expiry dates	2020 \$
Share issue costs	223,000	2035 to 2044	163,000
Allowable capital losses	32,000	No expiry	32,000
Non-capital losses	5,027,000	2022 to 2041	4,665,000
Capital assets	2,500	No expiry	2,000
CEC	5,500	No expiry	5,000
Mineral properties	1,148,000	No expiry	764,000
	6,438,000		5,631,000

Tax attributes are subject to review, and potential adjustment, by tax authorities.

18. Supplemental Cash Flow Information

	May 31, 2021 \$	May 31, 2020 \$
Changes in non-cash working capital		
Movement in receivables	(70,102)	(3,161)
Movement in prepaid expenses	(56,855)	(1,246)
Movement in accounts payable and accrued liabilities and provisions	(361,244)	569,903
	(488,201)	565,496
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	7,200	276,247
Contractual obligation interest payable	6,191	32,147
Loan payable interest- debt conversion	(385,963)	-
Finders warrants issued	(83,522)	-
Share issue- contractual obligation payable	(170,000)	(230,000)
Share issue Sierra Blanca transaction – IAMGOLD	(45,000)	-
Cerrado shares received – sale of subsidiaries	2,250,000	-
Ethos shares received – Savant Lake deal	380,000	-
Investment in Associates- Sierra Blanca retained investment	126,040	-
Extinguishment of contractual obligation payable - Cerrado deal	(1,077,992)	-
Supplementary disclosure of cash flow information:		
Cash paid for interest	(4,921)	-
Cash paid for income taxes	-	-

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19. 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. During the year the Company accepted loans from related parties. There are no external requirements imposed on the Company regarding its capital management or changes to the Company's approach.

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.

20. 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 \$4,500,000 (effective from the private placement completed in September 2020), EMX will retain a free carried 9.9% shareholding in Capella (subject to a cap of 15,693,785 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.
- 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 Minerals Limited (formerly New Dimension Resources Ltd)

Consolidated Statement of Changes in Shareholders' Equity/(Deficiency)

For the Year Ended May 31, 2021

Expressed in Canadian Dollars

21. Subsequent events

- (a) On August 24, 2021, the Company announced it had signed a binding Letter of Intent ("LOI") with Cullen Resources Limited (ASX: CUL)("Cullen") through which Capella may earn-in to Cullen's Katajavaara and Aakenus gold(-copper) projects in the highly-prospective Central Lapland Greenstone Belt ("CLGB") of northern Finland.

Terms of the agreement are:

- Capella will acquire an initial 70% interest in Cullen Oy (Cullen's 100%-owned Finnish subsidiary and registered owner of the Katajavaara and Aakenus gold-copper projects) in return for paying Cullen AUD 50,000 upon the transaction receiving TSX.V Exchange and regulatory approval (the "Closing Date").
- Capella will be required to invest a total of USD 250,000 in exploration expenditures on the two projects over a 24 month period from the Closing Date. Capella may then acquire a further 10% interest in Cullen Oy (for a total 80% interest) in return for a further USD 750,000 investment in the two projects over a 4.5-year period from the Closing Date.
- Cullen will then be free carried until the completion of a Pre-Feasibility Study ("PFS") on either of the two projects. Thereafter, a standard dilution formula will apply and should party's direct interest fall to below 10% then they will revert to a 2% Net Smelter Royalty (with 1% being purchasable for USD 1 million).

In addition, the following cash payments are required to be made to Cullen:

- USD 50,000 upon the first anniversary of the Closing Date
- USD 75,000 upon the second anniversary of the Closing Date
- USD 100,000 on the third anniversary of the Closing Date

The binding LOI with Cullen remains subject to acceptance by the TSX Venture Exchange.

- (b) On September 16, 2021 the Company agreed to revise the terms of the earn-in agreement with Ethos Gold 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. Revised terms are detailed below:

	Cash	Ethos Shares	Work Commitment
September 20, 2021	-	1,000,000	-
November 15, 2022	\$50,000	2,000,000	\$500,000
November 15, 2023	\$50,000	2,000,000	\$1,000,000
November 15, 2024	\$50,000	1,000,000	\$500,000
Total	\$150,000	6,000,000	\$2,000,000