

CAPELLA MINERALS LIMITED
(formerly New Dimension Resources Ltd)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2021

UNAUDITED

(Expressed in Canadian Dollars)

NOTICE TO READER

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

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at

	Note	November 30, 2021 \$	May 31, 2021 \$
ASSETS			
Current			
Cash		1,373,477	1,103,663
Receivables	3	59,754	15,347
Prepaid expenses		151,225	154,890
		<u>1,584,456</u>	<u>1,273,900</u>
Non-current			
Exploration and evaluation assets	6	4,430,311	3,130,253
Financial assets	5	810,000	1,848,333
Investment in Associates		126,040	126,040
		<u>5,366,351</u>	<u>5,104,626</u>
TOTAL ASSETS		<u><u>6,950,807</u></u>	<u><u>6,378,526</u></u>
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	4	415,341	181,805
Deferred consideration payable	8	63,721	-
Contractual obligation payable	7	29,909	29,870
Provision		5,011	-
		<u>513,982</u>	<u>211,675</u>
Non-current			
Contractual obligation payable	7	129,285	129,118
Deferred consideration payable	8	192,069	-
Loans	9	156,266	40,000
		<u>477,620</u>	<u>169,118</u>
TOTAL LIABILITIES		<u><u>991,602</u></u>	<u><u>380,793</u></u>
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	10	20,102,141	20,102,141
Reserves – warrants	10	419,702	419,702
Reserves – options	10	1,650,344	1,607,742
Reserves – foreign currency translation		(15,509)	83
Accumulated deficit		(16,329,473)	(16,131,935)
Non-controlling interests		132,000	-
		<u>5,959,205</u>	<u>5,997,733</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		<u><u>6,950,807</u></u>	<u><u>6,378,526</u></u>
Nature of operations and going concern	1		
Basis of presentation	2		
Subsequent events	16		

APPROVED ON BEHALF OF THE BOARD ON January 26, 2022:

Eric Roth
Director

Glen Parsons
Director

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

Capella Minerals Limited (formerly New Dimension Resources Ltd)
Condensed Interim Consolidated Statements of Profit or Loss and Comprehensive Profit or Loss

Expressed in Canadian Dollars

For the three and six months ended

	Note	Three months ended		Six months ended	
		November 30, 2021 \$	November 30, 2020 \$	November 30, 2021 \$	November 30, 2020 \$
General and administrative expenses					
Management and administrative fees		116,853	122,795	216,208	223,066
Shareholder information and meetings		60,918	13,502	105,749	19,950
Share-based payments	10	21,185	84,972	42,602	84,972
Office and general		10,379	13,620	16,986	27,045
Regulatory and transfer agent fees		7,149	22,788	10,733	47,878
Professional fees		1,636	12,511	6,602	37,254
Salaries and benefits		-	970	-	2,073
		(218,120)	(271,158)	(398,880)	(442,238)
Loss on sale of financial assets	5	(163,113)	-	(163,113)	-
Provision against/write off deferred exploration and evaluation costs	6	-	(37,925)	-	(49,741)
Foreign exchange gain/(loss)		(4,793)	(8,930)	(5,339)	(1,037)
Loss on sale of subsidiary		-	(51,084)	-	(51,084)
Interest and other expense		-	(19)	-	(10,227)
Contractual obligation payable interest	7	(103)	(944)	(206)	(5,127)
Gain on revaluation of contractual obligation payable		-	-	-	318,564
Unrealized gain/(loss) on financial assets	5	(140,000)	40,000	370,000	40,000
Gain on sale of equipment		-	17,201	-	17,201
Interest and other income - net		-	4,338	-	4,338
Write back/(write off) of IVA receivable		-	2,804	-	1,123
Loss for the period		(526,129)	(305,717)	(197,538)	(178,228)
Other comprehensive gain/(loss)					
Net monetary gain		-	(644,971)	-	41,534
Foreign currency translation		(23,385)	581,694	(15,592)	(82,154)
Comprehensive gain/(loss) for the period		(549,514)	(368,994)	(213,330)	(218,848)
Loss per share – basic and diluted	\$	(0.0)	(0.0)	(0.0)	(0.0)
Weighted average number of shares outstanding		151,837,862	129,546,221	151,837,862	97,552,202

See accompanying notes to the condensed interim consolidated financial statements –

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

For the three and six months ended

	Note	November 30, 2021 \$	November 30, 2020 \$
Cash provided by (used in):			
Operating activities			
Profit/(Loss) for the period		(197,538)	(178,228)
Items not affecting cash:			
Revaluation of contractual obligation payable		-	(318,564)
Unrealized movement on financial asset	5	(370,000)	(40,000)
Realised loss on sale of financial assets	5	163,113	-
Loss on sale of subsidiary		-	51,084
Share-based payments	10	42,602	84,972
Write off (write back) of IVA receivable		-	(1,123)
Provision against deferred exploration and evaluation costs		-	49,741
Contractual obligation payable interest	7	206	5,127
Loan interest		-	9,843
Foreign exchange		5,339	1,037
Gain on sale of equipment		-	(17,201)
Changes in non-cash working capital	13	(114,181)	(961,093)
		(470,459)	(1,314,405)
Financing activities			
Shares issued		-	3,624,992
Financing costs		-	(128,684)
Loan proceeds/(payment)		-	(223,660)
		-	3,272,648
Investing activities			
Net proceeds from sale of financial assets	5	1,245,420	-
Exploration and evaluation costs		(459,137)	(188,545)
Payment for acquisition of subsidiary		(46,232)	-
Cash balance on acquisition of subsidiary	6	19,926	-
Prepayment – acquisition of Scandinavian projects		-	(32,810)
Proceeds from farm out arrangement		-	50,000
Proceeds from sale of subsidiary		-	131,184
Deferred consideration received		-	64,977
Proceeds from sale of equipment		-	17,201
		759,977	42,007
Change in cash		289,518	2,000,250
Effect of fluctuations in exchange rates on cash		(19,704)	124,782
Cash – beginning of year		1,103,663	43,219
Cash – end of year		1,373,477	2,168,251

Supplemental cash flow information

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

Capella Minerals Limited (formerly New Dimension Resources Ltd)

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

For the Six Months Ended November 30, 2021

Expressed in Canadian Dollars

	Share capital (Number of Shares) (i)	Share capital (Amount)	Reserves – Warrants	Reserves – Options	Reserves- Foreign Currency Translation	Accumulated Deficit	Non- controlling interests	Total
		\$	\$	\$	\$	\$	\$	\$
May 31, 2020	66,773,832	14,454,766	336,180	1,480,402	(498,670)	(17,683,768)	-	(1,911,090)
Shares issued- debt conversion	6,432,714	385,963	-	-	-	-	-	385,963
Shares issued- private placement (net of costs)	60,416,531	3,412,786	-	-	-	-	-	3,412,786
Shares issued – contractual obligation payable –(at agreed value)	3,400,000	170,000	-	-	-	-	-	170,000
Shares issued – IAMGOLD	500,000	45,000	-	-	-	-	-	45,000
Share-based payments	-	-	83,522	84,972	-	-	-	168,494
Income for the year	-	-	-	-	-	(178,228)	-	(178,228)
Net monetary gain	-	-	-	-	41,534	-	-	41,534
Reclassification of foreign currency translation reserve balance to profit or loss on disposal of subsidiaries	-	-	-	-	492,275	-	-	492,275
Foreign currency translation	-	-	-	-	(410,121)	-	-	(410,121)
November 30, 2020	137,523,077	18,468,515	419,702	1,565,374	(374,982)	(17,861,996)	-	2,216,613
Shares issued – EMX	13,614,785	1,497,626	-	-	-	-	-	1,497,626
Shares issued – contractual obligation payable (recognition of closing price value)	-	136,000	-	-	-	-	-	136,000
Share-based payments	-	-	-	42,368	-	-	-	42,368
Income for the year	-	-	-	-	-	1,730,061	-	1,730,061
Net monetary gain	-	-	-	-	28,916	-	-	28,916
Reclassification of foreign currency translation reserve balance to profit or loss on disposal of subsidiaries	-	-	-	-	(215,825)	-	-	(215,825)
Foreign currency translation	-	-	-	-	561,974	-	-	561,974
May 31, 2021	151,137,862	20,102,141	419,702	1,607,742	83	(16,131,935)	-	5,997,733
Income/(loss) for the year	-	-	-	-	-	(197,538)	-	(197,538)
Acquisition of subsidiary	-	-	-	-	-	-	132,000	132,000
Share-based payments	-	-	-	42,602	-	-	-	42,602
Foreign currency translation	-	-	-	-	(15,592)	-	-	(15,592)
November 30, 2021	151,137,862	20,102,141	419,702	1,650,344	(15,509)	(16,329,473)	132,000	5,959,205

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

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 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, Finland and Canada.

These condensed interim consolidated financial statements for the three and six months ended November 30, 2021 (the "interim financial statements") have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred a deficit of \$16,329,473 at November 30, 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 condensed interim consolidated financial statements for the three and six months ended November 30, 2021, and November 30, 2020 ("interim financial statements") have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's annual financial statements for the year ended May 31, 2021, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

These interim financial statements of the Company and controlled entities for the three and six months ended November 30, 2021, were approved and authorized for issue by the Board of Directors on January 26, 2022.

Historical cost

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. These interim financial statements have been prepared using the accrual method for cash flow transactions.

Approval

These condensed interim financial statements of the Company were approved and authorized for issue by the Board of Directors on January 26, 2022.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

2. Basis of Presentation- continued

Principles of Consolidation

The interim financial statements include the accounts of the Company and its 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
Capella Minerals Sweden AB (previously known as Bastutrask Holdings AB)	Sweden	Swedish kroner
Capella Minerals Norway AS (previously known as Norra Metals 1 AS)	Norway	Norwegian kroner
Cullen Finland Oy	Finland	Euro

Significant Accounting Estimates and Judgments

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

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

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

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.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

2. Basis of Presentation- continued

(iv) Functional currency

The Company has evaluated the economic environment its entities operate in and determined that the functional currency of its incorporated entities Capella Minerals Sweden AB and Capella Minerals Norway AS is the Swedish kroner and Norwegian Kroner respectively. The functional currency of its recently acquired subsidiary Cullen Finland Oy has been determined to be the Euro. The functional currency of its other entities, including the parent is the Canadian dollar.

(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 7. 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.

3. Receivables

	November 30, 2021	May 31, 2021
	\$	\$
HST/GST receivable	29,764	15,084
Other receivables	29,990	263
	59,754	15,347

4. Accounts payable, accrued & other liabilities

	November 30, 2021	May 31, 2021
	\$	\$
Accounts payable	332,269	85,320
Accrued liabilities	71,707	96,485
Other	11,365	-
	415,341	181,805

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

5. Financial Instruments

Categories of financial instruments

	November 30, 2021	May 31, 2021
	\$	\$
Financial assets		
FVTPL		
Cash	1,373,477	1,103,663
Quoted equity shares (i)	810,000	1,848,333
	2,183,477	2,951,996
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	415,341	181,805
Loan	156,266	40,000
Deferred consideration payable	255,791	-
Contractual obligation payable	159,194	158,988
	986,592	380,793

- (i) The Company received 3,000,000 Ethos Gold Corp. (TSX.V: ECC) (“Ethos”) shares as part of the Savant Lake farm out deal. These shares were revalued at November 30, 2021, resulting in an unrealized gain of \$370,000 being recorded in the Statement of Profit or Loss for the period ending November 30, 2021 (2020: \$nil).
- (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. These shares were sold on November 10, 2021 for gross proceeds of \$1,250,767 and cash costs to sell of \$5,547, with a total realized loss of \$163,113 being recorded for the six months ending November 30, 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.

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

	November 30, 2021	May 31, 2021
	\$	\$
Financial Assets		
Level 1		
Cash	1,373,477	1,103,663
Quoted shares	810,000	1,848,333
Level 2	-	-
Level 3	-	-
Financial Liabilities		
Level 1	-	-
Level 2	-	-
Level 3	-	-
Contractual obligation payable	159,194	158,988
Deferred consideration payable	255,791	-
Loan	156,266	-

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

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

5. Financial Instruments (continued)

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, Norwegian kroner and Euro. Also, the Company is exposed to the impact of currency fluctuations on its monetary assets and liabilities.

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

November 30, 2021	Accounts payable and accrued liabilities		
	Cash	Receivables	
	\$	\$	\$
US dollars	41,149	-	75,692
Swedish kroner	91,106	21,471	172,387
Euro	20,490	-	4,177
Australian dollars	8,789	-	-
Norwegian kroner	16,608	-	97,767
Great British pounds	509	-	-

May 31, 2021	Accounts payable and accrued liabilities		
	Cash		
	\$		\$
US dollars	87,505	-	24,144
Swiss francs	-	-	15,427

At November 30, 2021 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase pre-tax loss by \$14,990 (2020: \$15,639).

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 November 30, 2021 and November 30, 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.

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

5. Financial Instruments (continued)

c) Liquidity risk

Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at November 30, 2021 the Company had cash of \$1,373,477 (May 31, 2021 - \$1,103,663) to settle current liabilities of \$513,982 (May 31, 2021 - \$211,675) which includes \$29,909 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 November 30, 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 \$54,000 (2020: nil),

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets

	Southern Gold Line, Sweden	Løkken, Norway	Kjøli, Norway	Aakenus, Finland	Katjavaara, Finland	Las Calandrias Santa Cruz, Argentina	Los Cisnes, Santa Cruz, Argentina	Sierra Blanca, Santa Cruz, Argentina	Savant Lake, Ontario, Canada	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance May 31, 2020	-	-	-	-	-	-	-	166,667	1,334,924	1,501,591
Camp, travel, administration and other costs	-	-	-	-	-	19,882	6,201	-	3,179	29,262
Geologists and data collection	-	-	-	-	-	23,658	-	-	-	23,658
Farm out recoveries	-	-	-	-	-	-	-	-	(430,000)	(430,000)
Provision against exploration and evaluation costs	-	-	-	-	-	(43,540)	(6,201)	-	-	(49,741)
Sale of subsidiary	-	-	-	-	-	-	-	(166,667)	-	(166,667)
Balance November 30, 2020	-	-	-	-	-	-	-	-	908,103	908,103
Acquisition and tenure	584,553	620,897	629,394	-	-	-	-	-	-	1,834,844
Camp, travel, administration and other costs	46,499	75,956	-	-	-	-	-	-	-	122,455
Geologists and data collection	24,958	76,249	128,639	-	-	-	-	-	-	229,846
Drilling and assay costs	3,514	31,491	-	-	-	-	-	-	-	35,005
Balance May 31, 2021	659,524	804,593	758,033	-	-	-	-	-	908,103	3,130,253
Acquisition and tenure	43,166	-	1,457	264,413	264,413	-	-	-	-	573,449
Camp, travel, administration and other costs	158,141	24,028	17,689	-	-	-	-	-	-	199,858
Geologists and data collection	104,490	177,236	219,794	13,054	13,054	-	-	-	-	527,628
Drilling and assay costs	-	12,447	-	-	-	-	-	-	-	12,447
Foreign exchange movement	(4,861)	(3,695)	(4,768)	-	-	-	-	-	-	(13,324)
Balance November 30, 2021	960,460	1,014,609	992,205	277,467	277,467	-	-	-	908,103	4,430,311

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended November 30, 2021

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

SCANDINAVIAN PROJECTS

Katajavaara and Aakenus, Finland

On August 24, 2021, the Company signed a binding LOI with Cullen Resources Ltd, (“Cullen”) through which Capella may earn-in to Cullen’s Katajavaara and Aakenus gold(-copper) projects in the highly-prospective CLGB of northern Finland.

Terms of the agreement are:

- Capella acquired an initial 70% interest in Cullen Finland 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 at 20% until the completion of a Pre-Feasibility Study (“PFS”) on either of the two projects. Thereafter, a standard dilution formula will apply, and should a 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

On September 7, 2021, the TSX.V Exchange approved the acquisition.

Purchase consideration for the projects consisted of the following:

		\$
Cash consideration	(i)	46,232
Deferred consideration	(ii)	257,321
Total consideration		303,553
Allocation of the purchase price is as follows:		
Project - Katajavaara		264,413
Project - Aakenus		264,413
Cash		19,926
Liabilities		(\$113,199)
Non controlling interest		(\$132,000)
		303,553

(i) The Company paid \$46,232 (A\$50,000) on approval of the acquisition agreement with Cullen.

(ii) Discounted anniversary cash payments totaling USD225,000 using an interest rate of 6%.

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

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6. Exploration and Evaluation Assets (continued)

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) surrounding former copper-mining operations.

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

Southern Gold Line, Sweden

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

There is a 2.5% royalty over the Norwegian and Swedish 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.

In September 2020, the Company signed an earn-in agreement with Ethos Gold Inc (“Ethos”) which allows Ethos to earn-in to a 70% interest in the Savant Lake project in return for annual work commitments and cash/share payments to Capella.

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.

7. Contractual Obligation Payable

The Company has a contractual obligation payable of \$159,194 in relation to its acquisition on May 14, 2018 of its interests in the Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	November 30, 2021	May 31, 2021
	\$	\$
Current	29,909	29,870
Non-current	129,285	129,118
	159,194	158,988

Reconciliation of movements for the six months ended November 30, 2021, are as follows:

Opening balance	158,988
Interest	206
Closing balance	159,194

The contractual obligation payable 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.

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7. Contractual Obligation Payable (continued)

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

During the six months ended November 30, 2021, the Company recorded interest expense of \$206 (2020: \$5,127) in relation to the contractual obligation payable.

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.

8. Deferred Consideration Payable

The Company has recognised a deferred consideration payable of \$255,791 in relation to its acquisition from Cullen on September 7, 2021 of its interest in the Katajavaara and Aakenus gold(-copper) projects in the highly-prospective CLGB of northern Finland.

	November 30, 2021	May 31, 2021
	\$	\$
Current	63,721	-
Non-current	192,069	-
	255,791	-

As part of the acquisition of the Finnish exploration assets the Company is required to make the following cash payments 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 company recognised the net present value of the deferred consideration payable of \$257,321 at the date of acquisition using an interest rate of 6%.

Reconciliation of movements for the six months ended November 30, 2021, are as follows:

Opening balance	-
Acquisition of subsidiary - recognition of payable (refer to Note 6)	257,321
Foreign exchange movements	(1,530)
Closing balance	255,791

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9. Loans

		November 30, 2021	May 31, 2021
		\$	\$
Other liabilities- CEBA loan	(i)	40,000	40,000
Other liabilities – Cullen loan	(ii)	116,266	-
		156,266	40,000
Current		-	-
Non-current (i)		156,266	40,000
		156,266	40,000

(i) 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. On December 22, 2021, the Company settled the CEBA loan.

(ii) As part of the acquisition of the subsidiary Cullen Finland Oy, the Company inherited a loan payable to Cullen Resources Limited of EUR75,973, this was revalued as at November 30, 2021 to \$116,266. This loan is long-term in nature with nil interest payable. This loan is to be capitalised in line with current shareholder’s interests.

10. Share Capital and Reserves

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

Share issuances

- a) 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.
- b) 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 valued at \$0.06 per share. The Company issued the shares to settle the debt effective September 15, 2020.
- c) 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.
- d) 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.

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10. Share Capital and Reserves (continued)

- e) 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.

(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, 2020	3,801,400	\$0.25
Issued	4,980,000	\$0.12
Balance November 30, 2020	8,781,400	\$0.18
Expired/cancelled	(1,386,400)	\$0.26
Balance, May 31, 2021	7,395,000	\$0.16
Balance November 30, 2021	7,395,000	\$0.16

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 six months ending November 30, 2021, a total value of \$42,602 (2020 - \$84,972) has been recorded to reserves – options and to share-based payments expense. The portion of share-based payment cost 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	1.51	June 4, 2023
250,000	250,000	\$ 0.15	1.88	October 18, 2023
4,980,000	3,320,000	\$ 0.12	1.93	November 4, 2023
7,395,000	5,735,000			

The weighted average exercise price of the options exercisable at November 30, 2021 is \$0.17.

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For the Three and Six Months Ended November 30, 2021

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10. Share Capital and Reserves (continued)

(iii) Share purchase warrants

a) Movements in warrants during the year:

b)

	Warrants Outstanding	Weighted Average Exercise Price
Balance, May 31, 2020	7,062,350	\$0.125
Issued	62,558,260	\$0.12
Balance November 30, 2020	69,620,610	\$0.12
Balance May 31, 2021	69,620,610	\$0.12
Balance November 30, 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.

c) Fair value of finders' warrants issued

On September 3, 2020, the Company issued 2,141,730 finders' warrants. The fair value of these finders' warrants granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

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

d) 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.

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11. 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.

	November 30, 2021	November 30, 2020
	\$	\$
Management fees	142,941	140,362
Share-based payments	39,180	78,146

b) Related party balances

	November 30, 2021	May 31, 2021
	\$	\$
Glen Parsons	6,308	12,072
Perihelion Inc - Mary Little	6,308	12,072
Marketworks Inc Kathryn Witter -Corporate Secretary	3,717	150

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

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

		November 30, 2021	November 30, 2020
		\$	\$
Salaries/Exploration/Consulting	(i)	142,941	140,362
Share based payments		39,180	78,146

(i) Key management were not paid post-employment benefits or other long-term benefits were paid during the three and six months ended November 30, 2021, and November 30, 2020.

d) Other

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

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 \$159,194 to SSL and recorded interest expense of \$103 for the three months ending November 30, 2021 (2020: \$944) and \$206 for the six months ending November 30, 2021 (2020: \$5,127).

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12. Segmented Information

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

	November 30, 2021	May 31, 2021
	\$	\$
Total Non-current long-lived assets		
Sweden	960,460	659,524
Norway	2,006,814	1,562,626
Finland	554,934	-
Canada	908,103	908,103
	4,430,311	3,130,253

13. Supplemental Cash Flow Information

	Six months ended November 30, 2021	Six months ended November 30, 2020
	\$	\$
Changes in non-cash working capital		
Movement in receivables	(44,407)	(53,756)
Movement in prepaid expenses	3,665	(13,108)
Movement in accounts payable and accrued liabilities and provisions	(73,439)	(894,229)
	(114,181)	(961,093)

	Six months ended November 30, 2021	Six months ended November 30, 2020
	\$	\$
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	319,257	378,229
Contractual obligation interest payable	206	5,127
Loan payable interest- debt conversion	-	4,921
Debt conversion	-	381,042
Finders warrants issued	-	83,522
Share issue- contractual obligation payable	-	170,000
Share issue Sierra Blanca transaction - IAMGOLD	-	45,000
Unrealized revaluation movement of financial asset	(370,000)	(40,000)
Supplementary disclosure of cash flow information:		
Cash paid for interest	-	4,921
Cash paid for income taxes	-	-

Capella Minerals Limited (formerly New Dimension Resources Ltd)

Notes to the Condensed Interim Consolidated Financial Statements

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14. 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.

15. 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 Kjølvi 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 (completed).
- 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

The Company has commitments and contingencies in relation to the acquisition on September 7, 2021 of the Katajavaara and Aakenus projects located in Finland. Refer to Note 6 for further details.

16. Subsequent events

On December 22, 2021, the Company settled its CEBA loan with the Bank of Montreal.