



**CAPELLA MINERALS LIMITED
(PREVIOUSLY KNOWN AS NEW DIMENSION RESOURCES LTD.)
8681 Clay Street
Mission BC
CANADA**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Six Months Ended November 30, 2021

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Form 51-102F1
Management Discussion and Analysis
For
Capella Minerals Limited (previously known as New Dimension Resources Ltd.)
(“Capella”, or the “Company”)

The following Management’s Discussion and Analysis (“MD&A”) of the Company has been prepared as of January 26, 2022 and is intended to supplement and complement the Company’s audited consolidated financial statements for the years ended May 31, 2021 and May 31, 2020 (the “Annual Financial Statements”) and should be read in conjunction with the Annual Financial Statements, together with the notes thereto. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

NATURE OF BUSINESS

Capella Minerals Limited is incorporated under the laws of the Province of British Columbia, Canada with a registered address and records office located at 8681 Clay Street, Mission BC V4S 1E7. The Company was previously known as New Dimension Resources Ltd, with the Corporate name change to Capella Minerals Limited (and new trading symbol) becoming effective on November 10, 2020.

The Company’s activities are currently focused on the exploration and development of a portfolio of high-grade gold and copper projects located in Scandinavia (Finland, Norway, and Sweden) and Canada.

The Company’s primary stock exchange listing is on the TSX Venture Exchange (“TSXV”), where it trades under the symbol “CMIL”. The Company also has a secondary listing on the Frankfurt Stock Exchange, where it trades under the symbol “N7D2”.

HIGHLIGHTS AND DEVELOPMENTS FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2021 AND TO THE DATE OF THIS REPORT

Projects

Finnish Gold-Copper Projects (Katajavaara & Aakenus; Capella Initial 70% Interest)

- On August 24, 2021, the Company announced that it had signed a binding Letter of Intent (“LOI”) with Cullen Resources Ltd (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 of northern Finland. TSXV approval for the Cullen agreement was received on September 7, 2021. The Company has now earned-in to an initial 70% direct interest in Cullen’s Finnish subsidiary, Cullen Finland Oy.
- On December 7, 2021, the Company provided an update on exploration activities being undertaken on the Katajavaara-Aakenus project. The Company’s initial focus is on the evaluation of five main areas with known gold and/or copper occurrences. Permitting activities are currently in-progress for a drone magnetic survey to be completed over the 200 square kilometer project area, with execution of this survey currently expected to occur during late-Q1, 2022.

Norwegian Copper Projects (Kjøli, Løkken; 100% Capella)

- Approvals have been received from the Norwegian Directorate of Mining (“Dirmin”) for the Company’s maiden diamond drill program at the high-grade Kjøli copper massive sulfide (VMS) project. Permits were granted for up to 4,000m of diamond drilling in 25 drill holes, with the condition that drilling not commence before February 25, 2022. In parallel, key off-road permits have been secured from both the Holtålen and Tydal municipalities, these permits being essential for providing logistical support to the upcoming drill program. Drill notifications have also been sent to all relevant land/stakeholders in the broader project area, with no comments having been received to date.

- Pre-drilling field activities at the Kjøli project included systematic soil sampling (2,800 samples) and ground geophysics (gravity survey) programs undertaken along the 20km strike length of prospective stratigraphy for the discovery of new copper-rich massive sulfide deposits. These latest results were combined with previous results obtained from the CARDS AI/Data Mining target generation work, and have allowed for the definition of 25 priority drill sites.
- At the Løkken project, a field evaluation and ranking of 24 known satellite copper-sulfide occurrences around the former Løkken mining operation was undertaken by experienced local geologist Rune Wilberg. Data derived from this review continue to be analyzed together with existing geophysical datasets (especially anomalies derived from regional Electro-Magnetic and Magnetic surveys), with recommendations for further work on the highest-priority drill targets currently being reviewed.

Swedish Gold Project (Southern Gold Line; 100% Capella)

- Regional reconnaissance activities continued at the Southern Gold Line project and included extensive soil sampling surveys (3,648 Multi Element and 754 Ionic Leach samples, mainly from the Fäboliden North, Fäboliden South, and Rötjärnen claim blocks) in addition to the completion of the regional Bulk Leach Extractable Gold survey. The sampling programs were designed to identify priority gold target areas for gold mineralization, with initial results indicating the definition of a new target area (Örnträsk) on the Fäboliden North claim block.
- A detailed structural interpretation of the Southern Gold Line project, utilizing available regional geophysical and geological data, is currently being undertaken by consulting structural geologist Brett Davis. High priority areas with potential for economic gold deposits will then be flown utilizing high-resolution drone magnetic surveys.

Canadian Gold Joint Venture Projects (Domain, Savant Lake)

- Savant Lake: The Company agreed to revise the terms of Ethos Gold Corp's (TSXV:ECC; "Ethos") earn-in to a 70% interest in the Savant Lake Project in order to accommodate some delays in accessing parts of the project area. As a result, the Company received a further 1,000,000 ECC shares on the first anniversary date (September 20, 2021) of the signing of the original agreement. Ethos is currently in the process of obtaining drill permits for Savant Lake with a view towards undertaking drilling on the project late in the current winter season.
- Domain: Project operator Yamana Gold Inc's (TSX:YRI; "Yamana") focus has been on Community Relations activities and work supporting an eventual exploration permit application (including a Stage 1 archaeological assessment, with permits being applied for those areas not requiring a more detailed Stage 2 assessment). Pending receipt of the permit, follow-up diamond drilling is currently expected to begin in H1, 2022. An exploration agreement with the Bunibonibee Cree Nation was previously signed in 2020. Domain continues to be a participating 70.4%-29.6% Joint Venture ("JV") between Yamana and Capella.

Argentine Project Divestitures (Sierra Blanca & Minera Mariana)

- On December 10, 2021, the Company announced that Austral Gold Limited (ASX:AGD; TSX:AGLD; "Austral") had successfully completed the "Tranche 1" exploration investment required to earn-in to a 51% interest in the Company's former Argentine subsidiary Sierra Blanca SA ("SBSA"). SBSA's sole asset is the high-grade Sierra Blanca gold-silver project in Santa Cruz Province. The "Tranche 1" investment included a cash payment to Capella on signing and a USD 100,000 investment in exploration at the Sierra Blanca project within 12 months of the deal closing. Austral now retains the right to earn-in to a further 29% interest in SBSA (80% total) in return for a further USD 600,000 in work commitments over the next 24 months (the "Tranche 2" investment). Subsequently, Austral will retain an option to acquire the remaining 20% in SBSA in return for further cash payments to Capella and work commitments at Sierra Blanca (see Company News Release dated April 1, 2020, and notes in the Annual Financial Statements).
- Final closing of the transaction to sell Capella's former 100%-owned Argentine subsidiary Minera Mariana SA to Cerrado Gold Inc (TSX:CERT; "Cerrado") occurred on January 22, 2021, and the Company received 833,334 common shares of Cerrado in recognition of the sale. On November 10, 2021, the Company announced that the 833,334 CERT shares had been sold for proceeds totalling CAD 1.2M.

Corporate Developments

- The Company announced on January 25, 2022, that, in partnership with Digbee ESG®, it had adopted an industry-standard Environmental, Social & Governance (“ESG”) disclosure system to drive and report international “best-practice” in ESG principles within the Company. The Company achieved an overall BB rating in its first ever assessment with a clear road map for short- and mid-term actions that could lead to a rating in the A-AAA band. The Digbee ESG® evaluation was designed by ESG practitioners with extensive expertise in the mining industry. Capella is one of a small, but growing, group of exploration-stage companies to have adopted an independent, formal ESG reporting system such as Digbee ESG®.
- On November 10, 2021 the Company sold the 833,334 common shares it held in Cerrado Gold Inc (TSXV: CERT) (“Cerrado”), resulting in proceeds totalling CAD 1.2M. The Cerrado shareholding was received in Q1, 2021, as consideration for the divestiture of Capella's former Argentine subsidiary, Minera Mariana SA. Funds received from the Cerrado share sale will be used for ongoing target generation activities and initial drilling on priority targets within the Company's portfolio of high-grade copper and gold assets in Scandinavia and Canada, as well as for general administrative and corporate purposes
- On August 24, 2021, the Company signed a binding Letter of Intent (“LOI”) 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. During the period ending November 30, 2021 the Company recognised the acquisition of an initial 70% interest in Finnish subsidiary Cullen Finland Oy following approval from the TSXV.

OUTLOOK

The Company’s planned corporate and exploration operations have been impacted by the uncertainty created by the global pandemic COVID-19 announced by the World Health Organisation on March 11, 2020. The COVID-19 pandemic is having a negative impact on stock markets, currencies, and business activities globally. The full impact of COVID-19, on the Company or the Jurisdictions in which we operate, cannot be fully determined; but there may be potential negative impacts on the Company’s ability to raise capital funds, planned exploration programmes, cash flows and liquidity.

The Company expects to continue advancing exploration activities on its two Norwegian copper projects (Kjøli, Løkken), the Southern Gold Line project in Sweden, the Katajavaara-Aakenus projects in Finland, and its two gold Joint Ventures in Canada (Domain and Savant Lake). The Company has advanced formal drill permitting or priority drill locations at its Kjøli project, and has initiated permitting for a drone magnetic survey on the Katajavaara-Aakenus projects. Joint Venture partners will continue to manage work programs at both the Savant Lake and Domain projects in Canada.

The volatility of stock markets and precious and base metals have eroded investor confidence to the extent that both advanced and junior companies have had a difficult time obtaining equity financing on reasonable terms. The Company is currently evaluating all financing options available to the Company at both the corporate and project level. The Company is seeking additional equity funding or alternative financing options to fund its ongoing exploration activities and to meet its current and ongoing general and administrative costs. The Company cannot guarantee it will be successful in raising additional funding or securing alternative financing options.

EXPLORATION ASSETS AND ACTIVITIES

SCANDINAVIAN PROJECTS

Capella's Scandinavian project portfolio currently consists of 5 high-grade copper and gold assets:

- Kjølvi and Løkken high-grade copper projects in central Norway:
 - 100% interests acquired from EMX Royalty Corp. (TSX:EMX; NYSE American:EMX; "EMX") in late-2020; and
- Southern Gold Line gold project in northern Sweden:
 - 100% interest acquired from EMX in late-2020, and
- Katajavaara and Aakenus gold-copper projects in Finland
 - Binding LOI signed with Cullen Resources Ltd (ASX:CUL; "Cullen") to earn-in to an initial 70% interest as per Company announcement dated August 24, 2021.

Finnish Gold-Copper Projects (Katajavaara & Aakenus; Capella Initial 70% Interest)

The Company announced on August 24, 2021, that it had 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 Central Lapland Greenstone Belt ("CLGB") of northern Finland. The Katajavaara and Aakenus projects lie immediately adjacent to the productive Sirkka Thrust Zone, a regional structural corridor within the CLGB which is associated with numerous occurrences of both gold and base metals.

TSXV approval for the agreement with Cullen was received on September 7, 2021 and the acquisition of Cullen's Finnish subsidiary ("Cullen Finland Oy") was recognised in the current reporting period.

On December 7, 2021, the Company provided an update on exploration activities being undertaken on the Katajavaara-Aakenus project. The Company's initial focus is on the evaluation of five main areas with known gold and/or copper occurrences. Permitting activities are currently in-progress for a drone magnetic survey to be completed over the 200 square kilometer project area, with execution of this survey currently expected to occur during late-Q1, 2022.

The Katajavaara and Aakenus gold(-copper) projects cover an area of approximately 200km² and flank Outokumpu Oy's former gold-copper mining operation at Sattopora and the S2Resources/Kinross Gold Joint Venture ("JV") at Home, in addition to lying along strike from major recent exploration discoveries at Ikkari (Rupert Resources Ltd) and Aamurusko (Risti-Launi; Aurion Resources Ltd)¹. Scandinavia's largest operating gold mine - Agnico Eagle Mines Ltd's Kittila Gold Mine (2020 production - 208,125 oz Au; Reserves 30.4 MT @ 4.1 grams per tonne Au for 4Moz Au; Agnico Eagle Mineral Reserves and Resources Statement December 31, 2020; <https://agnicoeagle.com/>)¹ – lies directly to the NE of the Cullen projects.

The binding LOI provides Capella with the opportunity to acquire an initial 70% in Cullen Finland Oy (Cullen's 100%-owned Finnish subsidiary; "Cullen Oy", and registered owner of the Katajavaara Exploration Permit Licence Application ("EPLA") and the Aakenus Reservation) through an initial cash payment to Cullen of AUD 50,000. Subsequently, a total USD 250,000 investment in exploration over a two-year period and staged cash payments to Cullen totalling USD 225,000 over a three-year period are required. Capella may increase its interest in Cullen Oy by an additional 10% (for a total 80% interest) by investing an additional USD 750,000 in exploration over a further two-and-a-half years.

¹ References made to nearby mines and analogous deposits provide context for the Katajavaara and Aakenus projects but are not necessarily indicative that these projects host similar tonnages or grades of mineralization.

Norwegian Copper and Swedish Gold Projects (Kjølvi, Løkken, & Southern Gold Line)

Kjølvi Copper Project, Norway (100% Capella)

Approvals have been received from the Norwegian Directorate of Mining ("Dirmin") for the Company's maiden diamond drill program at the high-grade Kjølvi copper massive sulfide (VMS) project. Permits were granted for up to 4,000m of diamond drilling in 25 drill holes, with the condition that drilling not commence before February 25,

2022. In parallel, key off-road permits have been secured from both the Holtålen and Tydal municipalities, these permits being essential for providing logistical support to the upcoming drill program. Drill notifications have also been sent to all relevant land/stakeholders in the broader project area, with no comments having been received to date.

Pre-drilling field activities completed at Kjølvi included detailed soil sampling (2,800 samples) and ground geophysics (gravity survey) programs undertaken along the 20km strike extent of prospective stratigraphy for the discovery of new copper-rich massive sulfide deposits. These latest results were combined with previous results obtained from the CARDS AI/Data Mining target generation work, and have allowed for the definition of 25 priority drill sites.

The Kjølvi high-grade copper project cover a total area of 246km² and is located within the northern extension of the Røros mining district, which saw copper production from a number of high-grade massive sulfide (VMS) deposits from the mid-1600's until low copper prices in the mid-1980's resulted in their closures. Kjølvi represents a brownfields/greenfields exploration project covering the former Kjølvi and Killingdal copper mines, together with approximately 20km strike of underexplored but highly prospective stratigraphy for the discovery of new copper-rich VMS deposits. Historical copper grades from the Kjølvi mine were reported to be 2.9% Cu².

² Historic production figures are from Birkeland, A. (1986) Mineralogisk og geokjemisk undersøkelse av Killingdal gruver, Sor-Trondelag. M. Scient. Thesis, University of Oslo in Geological Survey of Finland, Special Paper 53 pg. 86.

Løkken Copper Project, Norway (100% Capella)

A field review and ranking of 24 known satellite copper-sulfide occurrences to the former Løkken mining operation was completed during the reporting period by experienced local geologist Rune Wilberg. Data derived from this review continue to be analyzed together with existing geophysical datasets (especially anomalies derived from regional Electro-Magnetic and Magnetic surveys), with recommendations for further work on the highest-priority drill targets currently being reviewed.

The Løkken high-grade copper project is located 50km SW of the regional centre of Trondheim and covers an area of 210 km². The Løkken claim block surrounds the former Løkken underground mine (which closed in 1987 in response to low copper prices), and covers associated historical mineral processing facilities, plus multiple satellite bodies of mineralization with varying degrees of development. Løkken is considered to be the largest ophiolite-hosted Cyprus-type VMS deposit by tonnage, having produced an estimated 24Mt @ 2.3% Cu and 1.8% Zn (plus silver and gold credits)³.

³ Historic production values quoted for Løkken are from Grenne T, Ihlen PM, Vokes FM (1999) Scandinavian Caledonide metallogeny in a plate-tectonic perspective. Mineral Deposita 34:422–471, Neither Capella or EMX have performed sufficient work to verify the published data reported above, but both Companies believe this information to be considered reliable and relevant.

Southern Gold Line, Sweden (100% Capella)

During the reporting period, exploration activities at SGL were focused on the definition of priority target areas for gold mineralization through:

- Extensive soil sampling programs (Multi-Element Fine Fraction Analysis, or “MEFFA”), particularly in the Fäboliden North (2,105 samples taken) and southernmost Rötjärnen claim blocks (1,543 samples taken). Soil sampling at Fäboliden North was designed to follow-up on the anomalous areas defined in 2019/2020 from the regional Bulk-Leach Extractable Gold (“BLEG”) surveys, as well as over potentially gold-bearing lineaments identified in regional aeromagnetic surveys. At Rötjärnen, the MEFFA sampling grids were designed to extend the initial Hilti auger drill grids (see comments below) towards the north. Initial results have been received and are currently in the process of being evaluated.
- Ionic Leach (IL) sampling was undertaken in the area of previous BLEG anomalies in Fäboliden South. A total of 754 samples were taken, with results currently pending.
- BLEG sampling - a total of 55 samples were taken from the Fäboliden North and South claims, in order to complete first-pass coverage of the entire SGL property. Results have now been received and have resulted in the successful delineation of a new gold target (Örnträsk) in the Fäboliden North claim block.

A detailed structural interpretation of the Southern Gold Line project, utilizing available regional geophysical and geological data, is currently being undertaken by consulting structural geologist Brett Davis. Priority areas for potential economic gold deposits will then be flown utilizing high-resolution drone magnetic surveys.

On July 12, 2021, the Company provided an update on the Hilti auger drilling that had been undertaken on the southernmost Rötjärnen claim block, where geochemical vectors are being utilized to determine the source of gold-bearing boulders identified on surface. Anomalous gold and arsenic values were returned from the initial auger (Hilti) drilling of tills located up the interpreted glacial flow direction from gold-bearing boulders on the Rötjärnen claim. Gold values ranged from below detection limit to 110 parts per billion (“ppb”) whilst arsenic values, an important pathfinder element in orogenic gold systems, ranged from below detection limit to 40 parts per million (“ppm”). A follow-up auger drill program is currently underway, towards an area where historical scout drilling appears to have targeted gold deposits within a major flexure in a regional structural corridor.

The Southern Gold Line (“SGL”) project is located in northern Sweden and consists of approximately 500km² of mineral claims located to the south of the Barsele gold project (Agnico Eagle Mines Ltd/Barsele Minerals Corp. JV) and in the immediate vicinity of Dragon Mining Ltd’s Fäboliden development project and Svartliden gold mine⁴. The SGL exploration concessions cover areas with similar geologic and structural settings to the Fäboliden deposit, with further potential for the discovery of high-grade orogenic gold deposits at or near granitoid-greenstone contacts. Previous exploration activities at SGL were successful in discovering gold-bearing boulders on surface in the southernmost Rötjärnen claim block.

⁴ References made to nearby mines and analogous deposits provide context for the Southern Gold Line project but are not necessarily indicative that the project hosts similar tonnages or grades of gold mineralization.

CANADA

Savant Lake Gold Project, Ontario (Capella 100%; Ethos Gold Corp. Earn-In to 70%)

On September 16, 2021, the Company agreed to revise the terms of Ethos Gold Corp’s (TSXV:ECC: “Ethos”) earn-in to a 70% interest in the Savant Lake Project in order to accommodate some delays with accessing parts of the Savant Lake project area. Revised terms are detailed below:

	Cash	Ethos Shares	Work Commitment
On signing	\$50,000	2,000,000	-
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	\$200,000	8,000,000	\$2,000,000

The original terms of the Ethos earn-in agreement as announced on September 20, 2020, were as follows:

	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

In addition, in the event of an 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 Capella of \$50,000 in cash and 2 million Ethos shares.

At the date of this report, Capella owns 3,000,000 shares in Ethos Gold Corp which represents approximately 2.1% of Ethos’s Issued and Outstanding shares.

Ethos is currently in the process of obtaining drill permits for Savant Lake with a view towards undertaking drilling on the project late in the current winter season.

The Savant Lake Project is located within the Archean-age Savant Lake-Sturgeon Lake greenstone belt, approximately 240 km NW of Thunder Bay and 240 km S of Newmont's operating Musselwhite mine⁵ (Proven and Probable Reserves at December 31, 2020: 8.9 MT @ 6.25 g/t Au for 1.79 Moz Au⁶). The Company's mineral claims in the Savant Lake area total 229 square kilometres and cover meta-volcanic and meta-sedimentary rock sequences which are prospective for both iron formation- ("Musselwhite-type") and shear zone-hosted gold deposits, in addition to base metal-rich (copper-zinc-gold) VMS deposits. The underlying vendors of the Savant Lake property retain a 2% Net Smelter Royalty ("NSR") on future metal production from the Project; one half (1%) of this NSR may be acquired for \$1 million.

⁵ Mineralization hosted on adjacent and nearby properties is not necessarily indicative of mineralization that may be hosted on the Company's Savant Lake project.

⁶ Source: Newmont Corporation Reserve and Resource Statement: February 10, 2021.

Domain Gold Joint Venture, Manitoba (Yamana Gold Inc. 70.4% - Capella 29.6%)

Project operator Yamana Gold Inc's (TSX:YRI; "Yamana") focus at Domain has been on Community Relations activities and work supporting an eventual exploration permit application (including a Stage 1 archaeological assessment, with permits being applied for those areas not requiring a more detailed Stage 2 assessment). Pending receipt of the permit, follow-up diamond drilling is currently expected to begin in H1, 2022. An exploration agreement with the Bunibonibee Cree Nation was previously signed in 2020. The Domain project continues to be a participating 70.4%-29.6% Joint Venture ("JV") between Yamana and Capella.

The Domain JV claims total 576 hectares and cover an area in which 62 holes / 9,660m of historic drilling have been completed and which successfully delineated significant high-grade, iron formation-hosted gold mineralization. Notable intercepts from this drilling include: RR-08-23, 2.65 metres ("m") at 17.44 grams per tonne ("g/t") of gold ("Au") and 2.67m at 10.43 g/t Au; RR-08-21, 2.70m at 15.16 g/t Au; and RR-08-20, 9.0m at 7.29 g/t Au (see Company News Release dated June 12, 2017). True widths are estimated to be 80-100% of core length based on limited drilling.

Drilling to date at the Domain JV has been focused on the "Main Zone", where high-grade, iron formation-hosted gold mineralization has been partially tested along some 800m of strike and remains open at both depth and along strike. The "Main Zone" mineralization lies on a prominent, northwest trending Horizontal Loop ElectroMagnetic ("HLEM") anomaly, and a combined strike length of approximately 5km of HLEM anomalies remain to be tested within the Domain JV area. Initial drilling of HLEM conductors during the last drill program in the winter of 2017 was successful in discovering additional gold mineralization.

All information relating to exploration activities has been reviewed by Eric Roth, Chief Executive Officer and Executive Director of Capella Minerals Limited and presented in accordance with Canadian regulatory requirements as set out by National Instrument ("NI") 43-101. Mr Roth holds a Ph.D. in Economic Geology from the University of Western Australia, is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM), a Fellow of the Society of Economic Geologists (SEG), and a Qualified Person under NI 43-101. Mr Roth has 30 years experience in international minerals exploration and mining project evaluation.

Exploration and Evaluation Expenditures

	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

FINANCIAL CONDITION, LIQUIDITY, CAPITAL RESOURCES, OPERATIONS AND FINANCIAL RESULTS

OVERALL PERFORMANCE

During the six months ended November 30, 2021, the Company incurred a loss of \$197,538 (November 30, 2020: \$178,228). This loss was due predominantly to the loss of \$163,113 recognised on the sale of financial assets held and general and administrative expenses incurred of \$398,880, offset by an unrealized gain of \$370,000 on the balance of financial assets held.

The Company will seek additional equity funding or alternative financing options to fund current and ongoing exploration activities and general and administrative costs.

FINANCIAL POSITION

A summary of the Company's financial position is as follows:

	November 30, 2021	May 31, 2021	May 31, 2020
	\$	\$	\$
Current assets	1,584,456	1,273,900	86,576
Non-current assets	5,366,351	5,104,626	1,501,591
Current liabilities	(513,982)	(211,675)	(2,701,409)
Non-current liabilities	(477,620)	(169,118)	(797,848)
Shareholders' equity (deficiency)	5,959,205	5,997,733	(1,911,090)

Included in current assets at November 30 2021 is cash of \$1,373,477 receivables of \$59,754 and prepaid expenses of \$151,225. The increase in current assets in the current period is due mainly to the receipt of C\$1.2m of funds following the sale of securities held in Cerrado with funds being used to undertake exploration activities at the Company's Swedish and Norwegian interests and payment of corporate costs incurred to support the Company's operations.

The non-current assets balance has increased by \$261,725 due to exploration and evaluation expenditures of \$1,300,058 recorded at its exploration programs at projects located in Sweden and Norway, and the acquisition of the Aakenus and Katjavaara projects in Finland during the period. This balance has also been impacted by an increase of \$370,000 in the fair value of the Company's remaining quoted equity shares held at November 30, 2021. These increases were offset by a decrease in financial assets held, due to the sale during the period of the 833,334 Cerrado shares held. The balance of financial assets will fluctuate from period to period due to the revaluation of the investment each reporting period.

Current liabilities of the Company include accruals and accounts payable totalling \$415,341. These balances can fluctuate from period to period depending on the level of exploration activity and corporate activities undertaken by the Company. This balance has increased from the prior period due to continued exploration activities resulting in increased creditor balances being incurred during the period. At November 30, 2021 these liability balances mainly comprise of payables related to exploration activities of \$319,257 directors' fees payable of \$12,616, audit and tax fee accrual of \$40,027, and other accounts payable related to general expenditure of \$19,377.

RESULTS OF OPERATIONS

The following is a breakdown of significant costs incurred for the six-month periods ending:

	November 30, 2021 \$	November 30, 2020 \$
Management and administrative fees	216,208	223,066
Shareholder information and meetings	105,749	19,950
Share-based payments	42,602	84,972
Office and general	16,986	27,045
Professional fees	6,602	37,254
Regulatory and transfer agent fees	10,733	47,878
Salaries and benefits	-	2,073
Foreign exchange loss/(gain)	5,339	1,037
Contractual obligation interest	206	5,127
Loss on sale of financial assets	163,113	-

Discussion of operations

Six months ended November 30, 2021 and November 30, 2020

During the six months ended November 30, 2021 (“current six-month period”), the Company recorded a net loss of \$197,538 compared to a net loss of \$178,228 for the six-month period ended November 30, 2020 (“comparative six-month period”).

The net loss recorded for the current six-month period is due mainly to the loss of \$163,113 recognised on the sale of Cerrado shares in the period and increased investor relations expense of \$85,799 as the Company looked to promote its recently acquired Scandinavian properties. This loss was offset by an unrealized gain of \$370,000 recorded on the remaining equity investments held. This balance will fluctuate from period to period as the balance of securities held is revalued at each reporting date.

Other significant costs are detailed further below.

Management and administration fees have remained relatively consistent as the as the Company continued its corporate activities to support its portfolio of the exploration activities.

Shareholder information expenses has increased by \$85,799 as the Company attended a greater number of conferences in the current period compared to the prior comparative period which had been impacted by COVID-19 restrictions. The Company also incurred greater costs as it undertook promotional activities in relation to its recently acquired Scandinavian projects.

Office and general expenses and professional fees have decreased in the current six-month period due to less costs being incurred compared to the prior six-month period due mainly to the disposal of its Argentinean subsidiaries.

Regulatory and transfer agent fees decreased by \$37,145 in the current six-month period due predominantly to fees incurred in relation to the private placement and shares for debt conversion completed in September 2020 (comparative six-month period).

The Company has recognised a total foreign exchange loss of \$5,339 which is an increase in cost from the prior comparative period due to the change in denomination of foreign currency transfers from the prior six-month period as a result of the Company’s refocus from exploration activities in Argentina to Sweden, Norway and Finland.

The Company capitalizes all acquisition and exploration costs until the property to which those costs relate is placed into production, sold or abandoned. The decision to abandon a property is largely determined from exploration results and the amount and timing of the Company's write-offs of capitalized mineral property costs will vary from one year to the next and typically cannot be predicted in advance. Exploration and evaluation costs associated with the Savant Lake property are accounted for in line with the Company's farm out accounting policy.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly financial information of Capella and is derived from unaudited quarterly financial statements prepared by management.

Period	Revenues \$	Net profit (loss) for the period \$	Net profit/(loss) per share for the period- basic \$	Net profit/(loss) per share for the period- diluted \$
Three months ended November 30, 2021	Nil	(526,129)	0.00	0.00
Three months ended August 31, 2021	Nil	328,591	0.00	0.00
Three months ended May 31, 2021	Nil	151,339	0.00	0.00
Three months ended February 28, 2021	Nil	1,578,722	0.01	0.01
Three months ended November 30, 2020	Nil	(305,717)	0.00	n/a
Three months ended August 31, 2020	Nil	127,489	0.00	0.00
Three months ended May 31, 2020	Nil	(4,799,790)	(0.08)	n/a
Three months ended February 29, 2020	Nil	(221,386)	(0.00)	n/a

The Company's quarterly results can be affected by many factors such as winter conditions and/or seasonal fluctuations, variations in capital markets, the write-off of capitalized amounts, share-based payment costs, tax recoveries and other factors that affect Company's exploration and financing activities.

Mineral exploration is often a seasonal business, and the Company's expenditures and cash requirements may fluctuate depending upon the season.

The Company's expenditures may also be affected by the strength of capital markets. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level may decline as a result of difficulties raising funds. When capital markets strengthen and the Company is able to secure equity financing with favourable terms, the Company's activity levels, and the size and scope of planned exploration projects may increase.

The Company's net loss of \$526,129 for the second quarter of fiscal 2022 is due mainly to the revaluation loss of the financial assets held of \$140,000 as the movement in the closing share price of Ethos shares held decreased from the of the prior quarter . The value of these financial assets will fluctuate from period in line with movements in the closing share price of the quoted equity shares. The Company also recognised a realised loss on the sale of Cerrado shares in the period of \$163,113. The Company has also had a general decrease in its general and administrative expenses with the exception of investor relations expenses which have increased as the Company looked for more opportunities to promote its Scandinavian assets as well as a marginal increase in its management and administrative fees as it has engaged consultants to assist in the management of its Scandinavian operations.

The Company's net gain of \$328,591 for the first quarter of fiscal 2022 is due mainly to the revaluation of \$510,000 on financial assets held at August 31, 2021. The value of these financial assets will fluctuate from period in line with movements in the closing share price of the quoted equity shares. This gain was offset by increased shareholder information costs as the Company increased its investor relations activities which had been

impacted by COVID-19 restrictions and share based payment expense as the cost associated with the issue of options being recognised over their vesting period.

The Company's net gain of \$151,339 for the fourth quarter of fiscal 2021 is due mainly to the revaluation of \$468,333 related to financial instruments held in Ethos Gold and Cerrado Gold. This gain was offset by increased investor relation costs of \$96,622 which have increased from comparative quarters due to greater attendance at conferences in the current quarter which did not occur in the prior comparative period as a result of the COVID-19 pandemic, as well as increased targeted investor relations expenses during the current quarter as the Company looked to promote its recently acquired Scandinavian properties. Share based payments costs of \$21,417 was recorded related to options issued during the fiscal year were recorded. These increases were offset by decrease in travel expenses of \$37,813 due to the impact of COVID-19 travel restrictions in the current quarter, decrease in accounting fees of \$19,428 due to the decrease in operations in Argentina and ultimate sale of the Argentinean subsidiaries. A decrease of \$12,910 was recorded in relation to contractual obligation payable interest and interest recorded on SSL loan. In the prior period comparative quarter, the Company recognised a provision of \$4,528,887 in relation to its Argentinean projects., no provision against projects was recognised in the current quarter.

The Company's net gain of \$1,578,722 for the third quarter of fiscal 2021 is higher than that of the comparative 2020 quarter due mainly to the gain recognised on the sale of the Company's subsidiary of \$ 2,225,163 offset by increased share-based payments cost of \$18,680 and increased regulatory and transfer fees of \$6,652 due to the increased share issue activity in the current quarter. These increases were offset by a decrease in management and administrative fees \$10,508 and professional fees of \$22,827 due mainly to a decrease in these costs in Argentina due to a reduction in activity in that jurisdiction and ultimate sale of this operation this quarter. These reductions were offset by an increase in unrealized losses of \$165,000 on the revaluation of the financial assets held at the end of the current reporting period and an increase in foreign exchange loss recognised of \$277,682 due to the transfer of the balance of the foreign currency translation reserve following the sale of the Argentinean operation during the current period.

The Company's loss of \$ 305,717 for the second quarter of fiscal 2021 is higher than that of the comparative 2019 quarter due mainly to an increase in provision of \$37,615 recognised against exploration and evaluation costs, recognition of loss on sale of subsidiary of \$51,084, higher general and administrative expenses of \$28,489 due to increased share based payments expense of \$54,395 and increased management and administrative fees of \$30,605 due to increased non-executive director fees and consulting fees incurred. These costs were offset by unrealized gain on quoted equity shares of \$40,000 and the gain recognised on sale of equipment in Argentina of \$17,201.

The Company's gain of \$ 127,489 for the first quarter of fiscal 2021 is due mainly to the revaluation gain of \$318,564 recorded as a result of the revaluation of the contractual obligation payable due to amended terms being agreed with Sandstorm and a reduction in costs in related to share based payment expense and salary costs in the current three-month period when compared to the comparative period.

The Company's loss of \$4,799,790 for the fourth quarter of fiscal 2020 is higher than that that of the comparative quarter due mainly to the write down provision recorded of \$4,528,887 in relation to the Company's Argentinean projects.

The Company's loss of \$221,386 for the third quarter of fiscal 2020 is lower that that of the comparative quarter due mainly to a reduction in share-based payment expense and a general reduction in fees paid and administrative costs management looked to decrease costs.

SEGMENT INFORMATION

The Company's business consists of only one reportable segment, mineral exploration and development. Details on a geographic basis are as follows:

	November 30, 2021	May 31, 2021
	\$	\$
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

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2021 the Company had cash of \$1,373,477. The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. 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 an accumulated deficit of \$16,329,473 at November 30, 2021 and has no current source of revenue. It is important to note 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. In order to continue normal course of operations the Company is seeking additional equity funding, or alternative options, to fund ongoing exploration activities and to meet its current and ongoing general and administrative costs. The Company cannot guarantee it will be successful in raising additional funding, or in securing alternative financing options.

The Company's planned corporate and exploration operations have further been impacted by the uncertainty created by the global pandemic COVID-19 announced by the World Health Organisation on March 11, 2020. The COVID-19 pandemic is having a negative impact on stock markets, currencies and business activities globally. The full impact of COVID-19, on the Company or the Jurisdictions in which we operate, cannot be fully determined; but there may be potential negative impacts on the Company's ability to raise capital funds, planned exploration programmes, cash flows and liquidity.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of convertible securities. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity and the state of the financial markets. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and caliber of its management.

The Company is currently evaluating all financing options at a Company and a project level in order to continue its normal course of operations. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

Operating Activities

During the six months ended November 30, 2021, the Company used \$470,459 (comparative six-month period – \$1,314,405) of cash to fund the ongoing operating activities of the Company. The cash used in operations reflects the loss for the period of \$197,538 (comparative six-month period \$178,228) adjusted for the changes in working

capital items such as accounts receivable and accounts payable and non-cash items. Non-cash items include; unrealized gain of \$370,000 on the revaluation of equity investments held at reporting date (comparative six-month period \$nil) , a realised loss of \$163,113 (2020:\$nil) recognised on equity securities sold during the period and share based payments expense \$42,602 (comparative six-month period - \$84,972).

Investing Activities

During the period ended November 30, 2021 the Company incurred a net cash inflow in investing expenditures of \$759,977 (comparative six-month period – inflow \$42,007) due to proceeds of \$1,245,420 related to the sale of Cerrado shares held by the Company. The Cerrado shareholding was received in Q1, 2021, as consideration for the divestiture of Capella's former Argentine subsidiary, Minera Mariana SA. This inflow was offset by expenditure incurred on exploration activities related to its Scandinavian projects of \$459,137 and cash paid of \$46,232 related to the acquisition of Cullen Finland Oy, offset by the cash balance of the newly acquired subsidiary of \$19,926.

Financing Activities

There were no financing activities undertaken during the current period. In the prior comparative period the Company raised funds via private placement.

The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

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 CAD 4,500,000, 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 (in progress).
- On or before September 1, 2022, Capella shall incur an additional USD 500,000 in exploration expenditures aggregated across three projects (or on any one project).
- Beginning September 1, 2023, Capella commits to completing at least 1,000m of drilling on each project per year until the earlier of: i) a minimum of 10,000m has been completed on such project ii) the date that Capella has delivered to EMX a relinquishment notice in respect of a project or iii) the date that the parties mutually agree that no further drilling is warranted.
- From the second anniversary of signing (September 1, 2022), Capella will be required to make advanced royalty payments to EMX of USD 25,000 per project, increasing USD 5,000/year up until reaching a maximum of USD 75,000/year per project.
- Capella to make additional payments of USD 500,000 to EMX upon:
 - The filing of a Preliminary Economic Assessment technical report
 - The filing of a National Instrument 43-101 (“NI-43101) compliant feasibility study
- EMX to retain a 2.5% NSR in the projects, with 0.5% being purchasable for USD 1M within 6 years

The Company has the following commitments and contingencies in relation to the acquisition on September 7, 2021 of the Katajavaara and Aakenus projects located in Finland:

- 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).

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize any off-balance sheet arrangements.

OUTSTANDING SHARE DATA

Outstanding share data as at November 30, 2021 is as follows:

	Price	Expiry date	Number of common shares
Common shares issued and outstanding			151,137,862
Securities convertible into common shares			
Options			
	\$0.25	June 4, 2023	2,165,000
	\$0.15	October 18, 2023	250,000
	\$0.12	November 4, 2023	4,980,000
Warrants	\$0.125/0.25*	March 8, 2022	7,062,350
	\$0.12	September 3, 2023	62,558,260
Fully Diluted			228,153,472

* exercise price was \$0.125 to September 8, 2020 and \$0.25 thereafter until expiry March 8, 2022

RISKS AND UNCERTAINTIES

Capella has no history of profitable operations and is an exploration stage company. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and lack of revenues. The Company's planned corporate and exploration operations have been impacted by the uncertainty created by the global pandemic COVID-19 announced by the World Health Organisation on March 11, 2020 of which the duration and full impact is unknown at this time.

Some of the Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power may need to be generated on site.

Resource acquisition, exploration, development, and operation is a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

Exploration Stage Company

The Company is engaged in the business of acquiring and exploring mineral properties to locate economic deposits of minerals. All of its properties are in the early stages of exploration and are without defined mineral bodies. Advancement of the Company's properties will only occur after obtaining satisfactory exploration results. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of economically recoverable mineral deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, it can be commercially mined.

No Source of Operating Revenue and the Ability to Raise Capital to Fund Operations

At present, the Company's operations do not generate cash inflows and the Company's continued existence depends on management's ability to raise additional equity financing, discover recoverable mineral deposits and sell or otherwise participate in the development of those projects. Many factors influence the Company's ability to raise funds, including the health of the commodity resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activities. Management will need to raise equity capital in the short term in order to continue as a going concern, but recognizes there are risks involved that may be beyond its control. If those risks fully materialize, the Company may not be able to raise adequate funds to continue its operations.

Political or economic instability in countries where the Company operates

Certain of the Company's properties are located in countries which may be subject to political and economic instability, or unexpected legislative change which may delay or prevent exploration of properties or affect investor appetite for the Company's jurisdictions.

Exploration of the Company's properties could be adversely affected by:

- political instability and violence;
- war and civil disturbance;
- labour unrest or community relation issues;
- permitting issues
- expropriation or nationalization;
- changing fiscal regimes and uncertain regulatory environments;
- changes to royalty and tax regimes;
- underdeveloped industrial and economic infrastructure; and
- the unenforceability of contractual rights and judgments.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies in the search for and the acquisition of attractive mineral properties and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to advance its present properties, but also on its ability to select and acquire suitable prospects for mineral exploration or advancement. There is no assurance that the Company will be able to compete successfully with others in acquiring such prospects. In addition, there is a limited supply of good geological talent and drilling crews and equipment. There is no assurance that the Company will be able to acquire the supply of geological talent or drillers, executives or other employees or contractors that are required to complete exploration work in planned time frames.

Title to Property

The Company has taken precautions to ensure that legal titles to its property interests are properly recorded. There can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments in the jurisdictions in which the properties are situated will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned. In addition, some of the Company's properties are held in the names of others. Third parties may have valid claims underlying portions of the Company's interests and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate. In addition, the Company may fail, due to error, omission, or technological issues to renew its claims in a timely manner, potentially resulting in the loss of valuable claims to property.

Personnel

Capella is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of Capella could result, and other persons would be required to manage and operate the Company.

Commodity Price Risk

The market price of precious metals and other minerals is volatile and cannot be controlled.

TRANSACTIONS WITH RELATED PARTIES

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

a) Related party transactions

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

		Six months ended November 30, 2021	Six months ended November 30, 2020
		\$	\$
Consulting & Salary	(i)	142,941	140,362
Share-based payments		39,180	78,146

(i) Consulting costs relate to ER Global (CEO) - \$60,000, Marketworks (Company Secretary) \$21,240, and Genco Professional Services (CFO) \$35,927 and non-executive director fees of \$25,774.

b) Related party balances

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

The Company also has a contractual obligation payable balance of \$159,194 to Sandstorm.

Refer to *Liquidity and Capital Resources* section for further details.

c) Compensation of key management personnel

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

		Six months ended November 30, 2021	Six months ended November 30, 2020
		\$	\$
Salary/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 six months ended November 30, 2021 and November 30, 2020.

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:

November 30, 2021	Cash	Receivables	Accounts payable and accrued liabilities
	\$	\$	\$
US dollars	41,149	-	75,692
Swedish kroner	91,106	21,471	172,387
Norwegian kroner	16,608	-	97,767
Euro	20,490	-	4,177
Australian dollars	8,789	-	-
Great British Pounds	509	-	-
			Accounts payable and accrued liabilities
May 31, 2021	Cash	Receivables	liabilities
	\$	\$	\$
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. At November 30, 2021, 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 consist of goods and services tax and taxes due from the government of Canada and Sweden. Management believes that the credit risk concentration with respect to receivables is limited.

c) Liquidity Risk

Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. The Company cannot guarantee it will be successful in raising additional funding or securing financing options.

The COVID-19 pandemic is having a negative impact on stock markets, currencies and business activities globally. The full impact of COVID-19, on the Company or the Jurisdictions in which we operate, cannot be fully determined; but there may be potential negative impacts on the Company's ability to raise capital funds, planned exploration programmes, cash flows and liquidity.

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). Included in current liabilities is a balance owed to related parties of \$16,333, also included in current liabilities is a balance of \$29,909 for the current portion of the contractual obligation payable to Sandstorm to be paid in either cash or shares at the Company's discretion, and the current portion deferred consideration of \$63,721 related to the purchase of the Finnish subsidiary Cullen Finland Oy during the period. The balance of the current liabilities are to creditors and suppliers related to the Company's exploration activities in Sweden and Norway and corporate activities supporting these operations.

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),

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 development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

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

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

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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 interim financial statements and the reported revenues and expenses during the period.

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

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

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. We have seen an impact on our business to date, with some delays in corporate and operational activities being experienced as a result of restrictions imposed by governments in dealing with the pandemic. The scale and duration of these developments continue to remain uncertain as at the date of this report creating ongoing uncertainty and as a result certain assumptions and estimates used in the preparation of these financial statements are subject to greater volatility than normal.

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

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the Interim 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 Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company's earnings and equity reserves.

(iii) *Income taxes*

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

(iv) *Non-cash transactions*

The valuation of shares issued in 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 the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

(v) *Functional currency*

The Company has evaluated the economic environment its entities operate in and determined that the functional currency of its 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.

(vi) *Contractual obligation payable*

The Company has a contractual obligation to pay up to \$400,000 per year for a period of up to 15 years to acquire Sierra Blanca in Argentina. The terms of this payable were amended during the period ended May 31, 2021. The Company has assessed the contractual obligation payable for the acquisition of the Argentinean asset as being more likely than not to not continue past 5 years from the effective date of the amendment to the agreement.

ACCOUNTING STANDARDS

Principles of Consolidation

The Company's financial statements have been prepared in accordance with IFRS and 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

The Company's financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value.

APPROVAL

The Board of Directors of Capella has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and will be filed under the Company's profile on SEDAR and on the Company's website <https://capellaminerals.com>.

ADDITIONAL INFORMATION

Additional information relating to Capella is on SEDAR at www.sedar.com.

FORWARD LOOKING INFORMATION

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

These forward-looking statements include, among others, statements with respect to the Company's objectives for the ensuing year, our medium and long-term goals, and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," and words and expressions of similar import are intended to identify forward-looking statements. In particular, statements regarding the Company's ability to raise sufficient capital, future operations, future exploration and development activities or other development plans contain forward-looking statements.

All forward-looking statements and information are based on the Company's current beliefs as well as assumptions made by and information currently available to the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, development plans, exploration, development and mining activities and commitments. Although management considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements.

These factors include, but are not limited to, COVID 19 pandemic, developments in world financial and commodity markets, risks relating to fluctuations in the Canadian dollar and other currencies, including the Argentinean peso, relative to the US dollar, changes in exploration plans due to exploration results and changing budget priorities of the Company or its joint venture partners, changes in project parameters as plans continue to be refined; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing, the effects of competition in the markets in which the Company operates, the impact of changes in the laws and regulations regulating mining exploration and development, judicial or regulatory judgments and legal proceedings, operational and infrastructure risks, and the Company's anticipation of and success in managing the foregoing risks. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on our behalf, except as required by law.