CAPELLA MINERALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2024

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Capella Minerals Limited

Opinion

We have audited the accompanying consolidated financial statements of Capella Minerals Limited (the "Company"), which comprise the consolidated statements of financial position as at May 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has a deficit of $25,616,331 as at May 31, 2024 and has no current source of revenue. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that the matter described below to be a key audit matter to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 7 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $1,631,153 as of May 31, 2024. As more fully described in Note 3 to the consolidated financial statements, the carrying amount of the Company's long-lived assets are reviewed at the end of each reporting period to determine whether there is an indication that those assets are impairment.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity and expenditure budgets for future periods.
- Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.
- Obtaining, on a test basis, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

October 1, 2024

Capella Minerals Limited

Consolidated Statements of Financial Position

Expressed in Canadian Dollars
As at

	Note	May 31, 2024 $	May 31, 2023 $
ASSETS			
Current			
Cash		**61,409**	57,973
Prepaid expenses		**40,880**	37,431
Asset held for sale	19	**47,449**	-
Receivables	4	**9,064**	40,747
		158,802	136,151
Non-current			
Equipment	20	**776**	1,519
Exploration and evaluation assets	7	**1,631,153**	6,258,999
Investment	6	**449,150**	75,000
Investment in Associate	19	**-**	96,568
		2,081,079	6,432,086
TOTAL ASSETS		**2,239,881**	6,568,237
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	5	**971,117**	1,005,928
Contractual obligation payable	8	**176,891**	45,157
Deferred consideration payable	9	**133,369**	90,418
Convertible promissory note	10	**214,116**	-
		1,495,493	1,141,503
Non-current			
Contractual obligation payable	8	**-**	114,555
Deferred consideration payable	9	**-**	132,646
		-	247,201
TOTAL LIABILITIES		**1,495,493**	1,388,704
EQUITY			
Share capital	11	**23,776,512**	22,643,814
Reserves – warrants	11	**495,697**	442,554
Reserves – options	11	**2,062,684**	2,023,667
Reserves – foreign currency translation		**(77,416)**	(186,396)
Accumulated deficit		**(25,616,331)**	(19,870,181)
Non-controlling interests	18	**103,242**	126,075
		744,388	5,179,533
TOTAL LIABILITIES AND EQUITY		**2,239,381**	**6,568,237**

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APPROVED ON

BEHALF OF THE BOARD ON OCTOBER 1, 2024:

Eric Roth — Director

Glen Parsons — Director

- See accompanying notes to the consolidated financial statements-

Capella Minerals Limited
Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars
For the year ended

		May 31, 2024 **$**	May 31, 2023 $
General and administrative expenses			
Management and administrative fees	12	(592,528)	(559,315)
Shareholder information and meetings		(98,850)	(152,871)
Office and general		(87,758)	(84,954)
Regulatory and transfer agent fees		(54,083)	(64,586)
Share-based payments	11,12	(39,017)	(187,264)
Professional fees		(11,611)	(3,662)
		(883,847)	(1,052,652)
Provision for impairment – deferred exploration & evaluation costs	7	(4,043,693)	-
Loss on disposal of assets	7	(615,091)	-
Unrealized loss on financial assets	6	(22,000)	(45,500)
Write off of deferred exploration and evaluation costs and other	7	(34,092)	(230,528)
Loss on sale of financial assets	6	(34,550)	(47,757)
Share of losses- investment in associate	19	(49,119)	(16,376)
Deferred consideration payable interest	9	(11,004)	(10,566)
Interest	10	(9,513)	-
Contractual obligation payable interest	8	(157)	(311)
Foreign exchange loss		(26,062)	(49,361)
Revaluation - contractual obligation payable	8	(17,022)	-
Loss for the year		**(5,746,150)**	**(1,453,051)**
Other comprehensive loss			
Foreign currency translation		108,980	(110,444)
Comprehensive loss for the year		**(5,637,170)**	**(1,563,495)**
Attributable to:			
Owners of the company		(5,614,337)	(1,561,947)
Non-controlling interests	18	(22,833)	(1,548)
		(5,637,170)	**(1,563,495)**
Loss per share – basic and diluted		**(0.03)**	**(0.01)**
Weighted average number of shares outstanding		**218,380,482**	**176,354,415**

- See accompanying notes to the consolidated financial statements –

Capella Minerals Limited
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
For the year ended

	Note	May 31, 2024 $	May 31, 2023 $
Cash provided by (used in):			
Operating activities			
Loss for the year		**(5,746,150)**	(1,453,051)
Items not affecting cash:			
Sale of exploration & valuation projects		615,091	-
Realised loss on sale of financial assets		34,550	47,757
Share-based payments		39,017	187,264
Foreign exchange		26,062	49,361
Share of losses in investment in associate		49,119	16,376
Write off deferred exploration and evaluation costs and other		4,043,693	209,590
Unrealized movement on financial asset		22,000	45,500
Deferred consideration payable interest		11,004	10,566
Contractual obligation payable interest		157	311
Interest		9,513	-
Revaluation of contractual obligation payable		17,022	-
Changes in non-cash working capital	14	407,047	143,183
		(471,875)	(743,143)
Investing activities			
Net proceeds from sale of financial assets		40,450	307,681
Exploration and evaluation costs		(1,216,153)	(1,240,470)
Proceeds from sale of projects		300,000	-
Payment for acquisition- anniversary payment (Cullen)		(102,867)	(67,715)
Proceeds from farm out agreement		39,939	150,000
Payments for property, plant and equipment		-	(2,619)
		(938,631)	(853,123)
Financing activities			
Proceeds from issue of shares		1,253,250	1,613,600
Share issue costs		(67,409)	(79,815)
Loan proceeds/(payment)		205,078	-
		1,390,919	1,533,785
Change in cash		(19,587)	(62,481)
Effect of fluctuations in exchange rates on cash		23,023	23,947
Cash – beginning of year		57,973	96,507
Cash – end of year		**61,409**	57,973

Refer to Note 14 for supplemental cash flow information

– See accompanying notes to the consolidated financial statements –

Capella Minerals Limited
Consolidated Statement of Changes in Equity
For the Year Ended May 31, 2024
Expressed in Canadian Dollars

	Share capital (Number of Shares)	Share capital (Amount) $	Reserves – Warrants $	Reserves – Options $	Reserves- Foreign Currency Translation $	Accumulated Deficit $	Non-controlling interests $	Total $
May 31, 2022	**151,137,862**	**20,102,141**	**419,702**	**1,836,403**	**(75,952)**	**(18,417,130)**	**127,623**	**3,992,787**
Loss for the year	-	-	-	-	-	(1,453,051)	-	(1,453,051)
Share-based payments	-	-	-	187,264	-	-	-	187,264
Issue of shares	26,893,333	1,613,600	-	-	-	-	-	1,613,600
Share issue costs	-	(102,667)	22,852	-	-	-	-	(79,815)
Acquisition of subsidiary	15,100,000	906,000	-	-	-	-	-	906,000
Issue of shares – property payment	2,079,000	124,740	-	-	-	-	-	124,740
Foreign currency translation			-	-	(110,444)	-	-	(110,444)
Movement in non-controlling interest	-	-	-	-	-	-	(1,548)	(1,548)
May 31, 2023	**195,210,195**	**22,643,814**	**442,554**	**2,023,667**	**(186,396)**	**(19,870,181)**	**126,075**	**5,179,533**
Loss for the year	-	-	-	-	-	(5,746,150)	-	(5,746,150)
Share-based payments	-	-	-	39,017	-	-	-	39,017
Issue of shares	41,775,000	1,253,250	-	-	-	-	-	1,253,250
Share issue costs	-	(120,552)	53,143	-	-	-	-	(67,409)
Foreign currency translation	-	-	-	-	108,980	-	-	108,980
Movement in non-controlling interest	-	-	-	-	-	-	(22,833)	(22,833)
May 31, 2024	**236,985,195**	**23,776,512**	**495,697**	**2,062,684**	**(77,416)**	**(25,616,331)**	**103,242**	**744,388**

- See accompanying notes to the consolidated financial statements –

1. Nature of Operations and Going Concern

Capella Minerals Limited (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 base metal projects in Scandinavia, specifically copper(-cobalt-zinc) projects in central Norway and copper-gold projects in northern Finland.

These consolidated financial statements for the year ended May 31, 2024 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 $25,616,331 at May 31, 2024 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.

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.

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.

2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Historical cost

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

Approval

These consolidated financial statements of the Company and its subsidiaries for the year ended May 31, 2024, were approved and authorized for issue by the Board of Directors on October 1, 2024.

2. Basis of Presentation- continued

Principles of Consolidation

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

Entity	Country of Incorporation	Ownership	Functional Currency
NDR Guernsey Limited	Guernsey	100%	Canadian dollar
Dimension Resources (USA) Inc.	U.S.A.	100%	Canadian dollar
Capella Minerals Sweden AB	Sweden	100%	Swedish kroner
Capella Minerals Norway AS	Norway	100%	Norwegian kroner
Cullen Finland Oy	Finland	70%	Euro
Eurolithium Oy	Finland	100%	Euro

Significant Accounting Estimates and Judgments

The preparation of the consolidated 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 and judgements as the basis for determining the stated amounts include the valuation of exploration and evaluation assets, the valuation of share-based payments, the valuation of the contractual obligation payable, non-cash transaction and functional currency.

Significant estimates and critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

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

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

(ii) Valuation of share-based payments

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

(iii) Non-cash transactions

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

(iv) Functional currency

The Company has evaluated the economic environment in which 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 Cullen Finland Oy and Eurolithium Oy has been determined to be the Euro. The functional currency of its other entities, including the parent is the Canadian dollar.

3. Material Accounting Policy Information

a) Foreign Currencies

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

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

b) Income/(Loss) per Share

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

c) Share-based Payments

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

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

d) Warrants

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

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

e) Exploration and Evaluation Assets

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

4. Material Accounting Policy Information (continued)

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

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

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

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

Farm-in – in the exploration and evaluation phase
The Company recognises costs as incurred and applies its existing exploration and evaluation asset accounting policy when recording expenditures.

f) Impairment

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

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

g) Income Taxes

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

Deferred taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases**.** Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

3. Material Accounting Policy Information – continued

g) Income Taxes (continued)

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

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

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

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

h) Environmental Rehabilitation

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

i) Financial Instruments

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

Financial assets
Classification and measurement of financial assets: IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value though profit and loss ("FVTPL"). The classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.
Recognition: At initial recognition, the Company measures a financial asset at its fair value plus transactions costs in the case of a financial asset not recorded at FVTPL.

Classification and measurement: The Company classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through OCI, or profit or loss) and those to be held at amortized cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

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

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

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

3. Material Accounting Policy Information – continued

i) Financial Instruments (continued)

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

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

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

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

The Company's financial liabilities include trade and other payable/convertible promissory note and contractual obligation payable.

De-recognition and subsequent remeasurement: The Company derecognizes its financial liabilities when its contractual obligations are discharged, cancelled or expire. Trade and other payables are subsequently measured at amortized cost.

As the convertible debenture is denominated in USD and is convertible into a variable number of the Company's common shares which are listed in Canadian dollars, the instrument contains an embedded derivative liability. The present value of the liability component was calculated using a residual value approach after calculating the fair value of the derivative liability

j) Investment in Associate

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Company's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

Expressed in Canadian Dollars

3. Material Accounting Policy Information – continued

j) Investment in Associate (continued)

The aggregate of the Company's share of profit or loss of an associate a is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

k) Equipment

Equipment is carried at historical cost less any accumulated depreciation and impairment losses.

Depreciation is calculated on following basis over the estimated useful lives of property, plant and equipment:

Office equipment	Straight line over 1 -3 years

l) New and amended accounting standards and interpretation adopted by the Company

The new and amended accounting standards and interpretations effective for the financial year ended May 31, 2024 have been adopted by the Group and there has been no material impact on adoption.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

Expressed in Canadian Dollars

3. Material Accounting Policy Information – continued

l) New and amended accounting standards and interpretation adopted by the Company

IFRS 18 *Presentation and Disclosure in Financial Statements*
IFRS 18 will replace IAS 1, Presentation of Financial Statements which aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows.

IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date.

The amendments are not expected to have a material impact on the Company's financial statements.

4. Receivables

	May 31, 2024	May 31, 2023
	$	$
HST/GST receivable	9,033	20,532
Other receivables	31	20,215
	9,064	**40,747**

5. Accounts payable, accrued & other liabilities

	May 31, 2024	May 31, 2023
	$	$
Accounts payable	528,521	836,841
Accrued liabilities	442,596	117,721
Other	-	51,366
	971,117	**1,005,928**

6. Financial Instruments

Categories of financial instruments

	May 31, 2024	May 31, 2023
	$	$
Financial assets		
Fair value through profit or loss ("FVTPL")		
Investments	449,150	75,000
Amortized Cost		
Cash	61,409	57,973
Receivables	9,064	40,747
	519,623	**173,720**
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	971,117	1,005,928
Contractual obligation payable	176,891	159,712
Deferred consideration payable	133,369	223,064
Convertible promissory note	214,116	-
	1,495,493	**1,388,704**

6. Financial Instruments (continued)

During the year ended May 31, 2024 the Company received 1,000,000 Prospector Metals Corp. ("Prospector") shares valued at $170,000 as part of the consideration for the sale of its interest in the Savant Lake project. Refer to Note 7 for further details. The Company recognized an unrealized gain of $30,000 on its Prospector shareholding for the twelve months ending May 31, 2024. As at May 31, 2024, the Company has 1,000,000 Prospector shares valued at $200,000 included in investments.

During the year ended May 31, 2023, the Company received 100,000 European Energy Metals ("European Energy") shares valued at $75,000 as at May 31, 2023.

During the year ended May 31, 2024 the Company:
i) sold 100,000 European Energy shares for gross proceeds of $40,585 less cash costs to sell of $135, with a total loss on sale of $34,550 being recorded for the year ended May 31, 2024. The Company recognized an unrealized loss of $82,000 on its European Energy shares for the year ended May 31, 2024.
ii) received a further 150,000 shares valued at $36,750 from European Energy on March 12, 2024 as part of its earn-in commitments on the Central Finland Lithium Project. On April 5, 2024, the Company reached an agreement with European Energy for the acquisition of a 100% interest in the Central Finland Lithium Project in consideration for a further 1,100,000 European Energy shares valued at $224,400 (with three staged hold periods which are removed starting September 18, 2024) being issued to the Company. The common shares were valued based on the market price of European Energy's common shares multiplied by a discount for lack of marketability of 15% due to the staged hold periods. The discount for lack of marketability is based on a Black-Scholes model for each of the three staged hold periods and will be removed as the hold period are removed. As at May 31, 2024, the Company has 1,250,000 European Energy shares valued at $179,150 included in investments.

During the year ended May 31, 2024, the Company received 1,000,000 common shares of Teako Minerals Corp (CSE: TMIN)("Teako") valued at $40,000 whereby Teako earned into a 50% interest in the combined Vaddas-Birtavarre properties in Norway. Refer to Note 7 for further details. The Company recognized an unrealized gain of $30,000 on these shares for the year ended May 31, 2024. As at May 31, 2024, the Company has 1,000,000 Teako shares valued at $70,000 included in investments.

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:

	May 31, 2024 **$**	May 31, 2023 $
Financial Assets		
Level 1		
Quoted shares	449,150	75,000

The carrying value of cash, receivables, and accounts payable, accrued and other liabilities, deferred consideration, contractual obligation payable and convertible promissory note approximate their fair value due to their short-term maturity.

Financial Risk Management

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

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

Expressed in Canadian Dollars

6. Financial Instruments (continued)

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

May 31, 2024	**Cash**	**Receivables**	**Accounts payable and accrued liabilities**	**Promissory Note**
	$	**$**	**$**	**$**
US dollars	207	-	(122,609)	(214,123)
Swedish kroner	18,847	740	(8,515)	-
Euro	25,023	3,246	(47,728)	-
Australian dollars	-	-	(78,011)	-
Norwegian kroner	5,684	-	(292,616)	-
Great Britain pounds	870	-	-	-
Swiss francs	4,531	-	-	-

May 31, 2023	**Cash**	**Receivables**	**Accounts payable and accrued liabilities**	**Promissory Note**
	$	**$**	**$**	**$**
US dollars	836	-	86,934	-
Swedish kroner	561	23,006	37,650	-
Euro	23,288	6,383	6,847	-
Australian dollars	-	-	8,088	-
Norwegian kroner	8,930	-	640,597	-
Great Britain pounds	64	-	1,355	-

At May 31, 2024 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase comprehensive loss by $69,645 (2023: $71,830).

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 current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature, fixed interest rate or because they are non-interest bearing. The Company has a positive cash balance. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at May 31, 2024 and May 31, 2023 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 governments of Canada and Norway. Management believes that the credit risk concentration with respect to receivables is limited.

During the year the Company entered into a convertible promissory note with a rate of 8% p.a being applied to the principal. Refer to Note 10.

c) Liquidity risk

Liquidity requirements and the raising of funds are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at May 31, 2024 the Company had cash of $61,409 (May 31, 2023 - $57,973) to settle current liabilities of $1,4595,493 (May 31, 2023 - $1,141,503), $133,369 being the current portion of

6. Financial Instruments (continued)

deferred consideration payable to Cullen Resources, promissory note payable to related party of $214,116 and contractual obligation payable $176,891 settled with proceeds from the sale of Sierra Blanca on August 19, 2024 (Note 21).

d) Commodity Price risk

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

e) Equity price risk

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

At May 31, 2024 with other variables unchanged a +/- 10% change of the quoted equity investment value would result in a decrease/increase in pre-tax loss of $48,875 (2023: $7,500).

Expressed in Canadian Dollars

7. Exploration and Evaluation Assets

	Southern Gold Line, Sweden	**Løkken, Norway**	**Kjøli, Norway**	**Hessjogruva, Norway**	**Vaddas-Birtavarre, Norway**	**Aakenus, Finland**	**Katajavaara, Finland**	**Pehro, Finland**	**Euro-lithium, Finland**	**Savant Lake, Ontario Canada**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Balance May 31, 2022	**125,738**	**1,232,648**	**1,208,395**	**5,253**	**4,715**	**415,853**	**253,284**	**-**	**-**	**638,103**	**3,883,989**
Acquisition and tenure	-	134,537	138,706	37,760	18,148	16,392	861	4,115	928,351	-	1,278,870
Camp, travel, administration and other costs	-	108,099	71,906	3,652	17,027	10,623	2,088	3,652	8,833	-	225,880
Geologists and data collection	-	302,734	969,166	23,680	51,241	69,492	-	62	25,495	-	1,441,870
Drilling and assay costs	-	27,265	-	-	-	-	-	-	-	-	27,265
Write down of exploration and uation assets and other	(126,320)	-	-	-	-	-	-	-	-	-	(126,320)
Farm out recoveries	-	-	-	-	-	-	-	-	(155,000)	(140,000)	(295,000)
Foreign exchange movement	582	(49,436)	(139,803)	(3,455)	(3,844)	16,882	236	256	1,027	-	(177,555)
Balance May 31, 2023	**-**	**1,755,847**	**2,248,370**	**66,890**	**87,287**	**529,242**	**256,469**	**8,085**	**808,706**	**498,103**	**6,258,999**
Acquisition and tenure	-	30,000	30,129	30,845	22,959	88,259	-	-	-	-	202,192
Camp, travel, administration and other costs	-	35,220	32,051	2,366	-	8,009	18,530	1,837	-	-	98,013
Geologists and data collection	-	129,335	151,626	18,297	-	43,391	34,760	39,132	-	-	416,541
Drilling and assay costs	-	-	2,348	-	-	-	-	-	-	-	2,348
Farm out recoveries	-	-	-	-	(79,939)	-	-		(36,750)	-	(116,689)
Sale of project	-	-	-	-	(34,245)	-	-	-	(777,143)	(498,103)	(1,309,491)
Provision for impairment /write down of exploration costs	-	(1,443,946)	(2,552,519)	-	-	-	-	(47,228)	-	-	(4,043,693)
Foreign exchange movement	-	49,094	87,995	3,585	3,938	(24,811)	(229)	(1,826)	5,187	-	122,933
Balance May 31, 2024	**-**	**555,550**	**-**	**121.983**	**-**	**644,090**	**309,530**	**-**	**-**	**-**	**1,631,153**

7. Exploration and Evaluation Assets (continued)

SCANDINAVIAN PROJECTS

Capella-Cullen Joint Venture (Finland)

Northern Finland Gold-Copper (formerly Aakenus-Katajavaara Copper-Gold Project) (Capella Initial 70% interest)
On August 24, 2021, the Company signed a binding letter of intent with Cullen Resources Ltd. ("Cullen") whereby Capella may earn-in to Cullen's Katajavaara and Aakenus gold-copper projects in the Central Lapland Greenstone Belt of northern Finland. The holder of the licences is local subsidiary Cullen Finland Oy.

Terms of the agreement are:

1. 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").
2. 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.
3. 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 ("NSR") (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 (paid)
- USD 75,000 upon the second anniversary of the Closing Date (paid)
- USD 100,000 on the third anniversary of the Closing Date (pending)

The Company accounted for the agreement as an asset acquisition of the Katajavaara and Aakenus exploration projects and allocated the purchase price, less cash acquired, evenly across each of the projects.

During the year ended May 31, 2024 the Company made payment of its second anniversary payment of US$75,000 (C$102,867) to Cullen Resources.

Perho Lithium Reservation (Capella Initial 70% Interest)
On September 12, 2022, Capella applied (via Cullen Finland Oy) for a reservation of 50 sq. km covering the Eräjärvi Lithium-Cesium-Tantalum ("LCT") pegmatite field in southern Finland. This application was granted on October 5, 2022. Subsequent to the year ended May 31, 2024, the Company relinquished this license as part of its portfolio rationalisation. As a result, the Company wrote down this project and recorded $47,228 in the Statement of Loss and Comprehensive Loss for the year ending May 31, 2024.

Eurolithium projects, Finland

During the year ended May 31, 2023, the Company acquired a 100% interest in a portfolio of lithium-cesium-tantalum ("LCT") pegmatite and rare-earth element ("REE") reservations in central / southern Finland from elementX Finland Oy ("elementX"). Capella acquired 100% interests in five fully granted reservations (Kaatiala, Lappajarvi West, Kovela, Rakokivenmaki, and Kaldo) and two reservation applications (Nabba and Lappajarvi East) in south-central Finland in consideration for 15.1M common shares of the Company valued at $906,000. In addition, the vendors will retain a 1% NSR on any potential future metal production from the acquired portfolio.

Subsequent to the acquisition, the Company requested the cancelation of two reservations (Kaldo and Rakokivenmaki) as these are considered non-core assets to the Li-REE portfolio.

Subsequent to acquiring the Eurolithium properties, the Company entered into a definitive earn-in agreement on March 20, 2023, (the "Earn-In Agreement") with European Energy Metals Corp. (formerly Hilo Mining Ltd. ("European Energy") (TSXV: FIN) to earn up to an 80% interest in the Eurolithium portfolio.

Expressed in Canadian Dollars

7. Exploration and Evaluation Assets (continued)

Terms of the Earn-In Agreement

- European Energy has the option to earn a 51% interest in the Property (the "Initial Option") by (i) making a cash payment of $100,000 and issuing 100,000 common shares to Capella upon receiving TSX Venture Exchange approval of the Earn-In Agreement; (ii) completing $500,000 in expenditures on the Property and issuing 150,000 common shares to Capella on before the first anniversary of the Earn-In Agreement; and (iii) completing an additional $500,000 in expenditures on the Property, paying $100,000 in cash and issuing 250,000 common shares to Capella on or before the second anniversary of the Earn-In Agreement. Upon exercise of the Initial Option, European Energy will become the operator of the Property.
- Following exercise of the Initial Option, European Energy will have a further option to earn an additional 29% interest in the Property (the "Final Option") by (i) completing $500,000 in expenditures on the Property, paying $150,000 in cash and issuing 750,000 common shares to Capella on or before the third anniversary of the Earn-In Agreement; and (ii) completing $1,000,000 in expenditures on the Property, paying $150,000 in cash and issuing 750,000 common shares to Capella on or before the fourth anniversary of the Earn-In Agreement.
- If, on the date of the exercise of the Final Option, the Property hosts a mineral resource equal or greater than 10 million metric tons with a minimum average grade of 1.0% Lithium Oxide (Li_2O) the Company will make a bonus cash payment of $500,000 and issue 1,000,000 common shares to Capella.
- The parties have the option to form a joint venture upon exercise of the Initial Option or to defer the joint venture formation until the exercise of the Final Option.

On January 10, 2024 the Company noted that its Joint Venture partner European Energy confirmed it had completed $1,000,000 in exploration expenditures on the Central Finland Lithium Project being a key requirement for earning-in to an initial 51% interest in the Project as per the original Earn-In Agreement.

On March 15, 2024 the Company received 150,000 European Energy common shares ($36,750) as required under the Earn-in Agreement.

During the year ended May 31, 2024 Capella agreed to cede to European Energy a 100% interest in the Central Finland Li-REE project in return for a cash consideration of $250,000, 1,100,000 common European Energy shares (in addition to 150,000 common shares due as part of the original earn-in agreement), and a 2% Net Smelter Royalty ("NSR") of which half (1%) may be purchased for EUR 1,000,000.

The Company recorded a loss on disposal of asset of $302,743 for the year ended May 31,2024.

Details of the loss on disposal are detailed below:

	$
Consideration consists of:	
Cash	250,000
1,100,000 European Energy shares @ $ 0.24	264,000
less discount for restricted trading	(39,600)
Total consideration	474,400
less carrying value	(777,143)
Loss on disposal	**(302,743)**

7. Exploration and Evaluation Assets (continued)

Norway Copper-Cobalt Projects

Løkken and Kjøli, Norway (100% Capella)
The Løkken and Kjøli copper-cobalt projects are located in north-central Norway. These projects were acquired from EMX Royalty Corp (TSXV: EMX)("EMX") in 2020, and are subject to a 2.5% Net Smelter Royalty ("NSR") of which 0.5% may be acquired for US$ 1M.

Subsequent to the year end May 31, 2024, the Company executed a Definitive Acquisition Agreement (the "Agreement") with Teako Minerals Corp. (CSE: TMIN)("Teako") pursuant to which Teako will acquire a 90% interest in Capella's Løkken copper-cobalt-zinc ("Cu-Co-Zn") project in Trøndelag, central Norway. In accordance with the Agreement, Capella will receive a combination of cash and common shares in Teako and an exploration commitment by Teako. The Company will retain a non-dilutable 10% carried interest on the Løkken project through to commercial production. Refer to Note 21 for further details.

As a result of Agreement, the Company recorded a provision for impairment against the Lokken project of $1,443,946 in the year ended May 31, 2024.

As part of a rationalization of projects, the Company recorded a provision of impairment against its Kjøli project of $2,552,519 in the year ending May 31, 2024.

Hessjøgruva, Norway (100% Capella)
On April 6, 2022, the Company entered into an Exploration and Exploitation Agreement with Hessjøgruva AS for the acquisition of a 100% interest in the Hessjøgruva copper-zinc-cobalt ("Cu-Zn-Co") project in central Norway.
Capella may acquire a 100% interest in the Hessjøgruva Cu-Zn-Co project in return for:

(i) Capella managing and funding exploration / development activities on the project.
(ii) Capella paying Hessjøgruva AS a one-time amount of Euro 500,000 upon completion of a positive Bankable Feasibility Study.
(iii) Capella providing Hessjøgruva AS with a 2.5% NSR on all future metal production from the project, retaining an option to buy-back 0.5% of this NSR at any time prior to the commencement of commercial production for Euro 1,000,000.
(iv) Capella to cover the cost of annual property payments and basic administration costs.

Capella is accounting for this as a farm in arrangement. Refer to Note 3 for further details.

Vaddas-Birtavarre, Norway
The Company has staked a series of exploration claims in the past-producing Vaddas-Birtavarre copper-cobalt+/-zinc massive sulfide district of northern Norway. The granted exploration claims are all 100% owned by Capella and are not subject to any underlying exploration agreements.

During the year ended May 31, 2024, Teako has acquired a 50% interest in the combined Vaddas-Birtavarre properties for consideration of 1,000,000 Teako common shares valued at $40,000 and retains the option to acquire a 100% interest in the projects in return for a minimum exploration expenditure of $100,000 with the first year and further issuances of 250,000 common shares to Capella in both Years 1 and 2.

On March 13, 2024, the Company agreed to an amendment to the original earn-in agreement through which Capella would grant Teako 100% ownership of Vaddas-Birtavarre project in exchange for a cash payment of NOK 315,000 ($39,939). The Company recorded a loss on disposal of asset of $34,245 following Teako's 100% earn-in to the project during the year ending May 31, 2024.

Expressed in Canadian Dollars

7. Exploration and Evaluation Assets (continued)

Swedish Gold Project

Southern Gold Line
The Southern Gold Line ("SGL") project consists of licenses located in central Sweden. The SGL project was acquired from EMX in 2020 and is subject to a 2.5% NSR of which 0.5% may be acquired for US$ 1M.

In September 2022, the Company advised EMX of its intention to return approximately 90% of the Southern Gold Line project area due to difficulties with permitting. The Company recognised an impairment provision of $880,170 for the year ending May 31, 2022, and wrote off a further $219,118 related to the Southern Gold Line project in the year ended May 31, 2023 as the Company looked to prioritise its other interests.

Other
During the year ending May 31, 2024, the Company expensed $34,092 in exploration costs in Finland and Sweden.

CANADIAN PROJECTS

Savant Gold Project, Ontario, Canada
Effective April 1, 2016, the Company entered into an agreement to earn a 100% interest in the Savant 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 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 Prospector Metals Corp ("Prospector") (TSXV: PPP) which allows Prospector to earn-in to a 70% interest in the Savant Gold Project in return for annual work commitments and cash/share payments to Capella.

Details below:

	Cash	Prospector Shares	Work Commitment
On signing	$50,000	666,666	-
September 20, 2021	-	333,333	-
November 15, 2022	$50,000	666,666	$500,000
November 15, 2023	$50,000	666,666	$1,000,000
November 15, 2024	$50,000	333,333	$500,000
Total	**$200,000**	**2,666,666**	**$2,000,000**

In addition, in the event of a National Instrument 43-101 ("NI-43-101") compliant mineral resource of >1 million ounces of gold being defined on the property, then Prospector Metals will make a further payment to the Company of $50,000 in cash and 666,666 Prospector shares.

On April 4, 2024, the Company entered in to a Property Acquisition Agreement with Prospector through which Prospector will acquire a 100% interest in the Savant Gold Project. The Property Acquisition Agreement replaces the existing Earn-In Agreement in its entirety

<u>Terms of the Property Acquisition Agreement</u>
Prospector will acquire a 100% interest in the Savant Gold Project from Capella in accordance with the following terms:

1. Prospector to make a cash payment to Capella of $50,000 on closing;
2. Prospector to issue Capella 1,000,000 common shares upon closing; and,
3. Capella to retain a 1% Net Smelter Royalty ("NSR") on any potential future production from the property (with 0.5% being purchasable at any time for $1,000,000).

Expressed in Canadian Dollars

7. Exploration and Evaluation Assets (continued)

Details of the loss on disposal are detailed below:

Consideration consists of:	$
Cash proceeds	50,000
1,000,000 Prospector shares @ $0.17	170,000
Total consideration	220,000
less carrying value	(498,103)
Loss on disposal	**(278,103)**

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 Agnico Eagle Mines Ltd. Capitalized costs related to the property were written off during the year ended May 31, 2013.

8. Contractual Obligation Payable

The Company has a contractual obligation payable of $176,891 in relation to its acquisition on May 14, 2018 of its interests in the Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	May 31, 2024	May 31, 2023
	$	$
Current	176,891	45,157
Non-current	-	114,555
	176,891	**159,712**

Reconciliation of movements are as follows:

	May 31, 2024	May 31, 2023
	$	$
Opening balance	159,712	159,401
Interest	157	311
Revaluation	17,022	-
Closing balance	**176,891**	**159,712**

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.

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 year ended May 31, 2024, the Company recorded interest expense of $157 (2023: $311) in relation to the contractual obligation payable.

Expressed in Canadian Dollars

8. Contractual Obligation Payable (continued)

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 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.

On May 21, 2024 the Company reached an agreement whereby Unico Silver Ltd. ("Unico") will acquire a 100% interest in Sierra Blanca S.A., the Argentine subsidiary whose sole asset is the Sierra Blanca gold-silver project in Santa Cruz Province. As a result of this agreement, the Company has agreed to transfer 50% of the sale proceeds to SSL in extinguishment of the remaining contractual obligation payable balance. A revaluation change in estimate of $17,022 was recorded in the year ending May 31, 2024 to reflect the balance to be paid to SSL in order to extinguish the liability. The liability was extinguished on July 24, 2024 with the receipt of the Unico shares. Refer Note 7 & 21 for further details.

9. Deferred Consideration Payable

The Company has recognised a deferred consideration payable of $133,369 in relation to its acquisition from Cullen of its interest in the Katajavaara and Aakenus gold(-copper) projects.

	May 31, 2024	May 31, 2023
	$	$
Current	133,369	90,418
Non-current	-	132,646
	133,369	**223,064**

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 ($67,715 paid in the year ended May 31, 2023)
- USD 75,000 upon the second anniversary of the Closing Date ($102,867 paid in year ended May 31, 2024)
- USD 100,000 on the third anniversary of the Closing Date

The Company recognised the net present value of the deferred consideration payable of $223,064 at the date of acquisition using an interest rate of 6%.

Reconciliation of movements are as follows:

	May 31 2024	May 31, 2023
	$	$
Opening balance	223,064	261,285
Interest	11,004	10,566
Anniversary payment	(102,867)	(67,715)
Foreign exchange movements	2,168	18,928
Closing balance	**133,369**	**223,064**

10. Convertible Promissory Note

	May 31, 2024	May 31, 2023
	$	$
Current	214,116	-
Non-current	-	-

On October 13, 2023 the Company entered into a convertible promissory note with a non-executive director for US$150,000 (C$205,078). Interest shall accrue on the unpaid principal amount of this Note at the rate of 8% per annum, payable in quarterly installments on January 13, 2024, April 13, 2024, July 13, 2024, and at the Maturity Date being October 13, 2024, with the exception that the Company shall have the option to satisfy one quarterly payment of interest by the issuance of common shares. As the convertible debenture is denominated in USD and is convertible into a variable number of the Company's common shares which are listed in Canadian dollars, the instrument contains an embedded derivative liability. The fair value of the derivative liability is estimated as an immaterial amount and is included in convertible promissory note liability as at May 31, 2024.

An amount of $9,513 was recorded as interest expense on the promissory note during the twelve months ending May 31, 2024.

Reconciliation of movements are as follows:

	May 31, 2024	May 31, 2023
	$	$
Opening balance	-	
Loan proceeds	205,078	-
Interest	9,513	-
Foreign exchange movements	(475)	-
Closing balance	**214,116**	**-**

11. Share Capital and Reserves

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

Share issuances

a) On October 31, 2022, the Company issued an aggregate 26,893,333 units at a price of $0.06 per unit for gross proceeds of $1,613,600. Each unit issued consists of one common share and one-half of a share purchase warrant, each whole warrant entitling the holder to acquire an additional common share for $0.12 per share until expiry on October 28, 2024. The warrants are also subject to an accelerated exercise clause in the event the Company's share price exceeds C$0.25 for 10 consecutive trading days. The Company has paid finder's fees of an aggregate $79,815 and issued an aggregate 980,000 share purchase warrants exercisable at $0.12 until October 28, 2024 for a value of $22,852.

b) On October 31, 2022, the Company issued 15,100,000 common shares at a price of $0.06 for the 100% acquisition of the Finnish company elementX. Refer to Note 7 for further details.

c) On January 6, 2023, the Company issued 2,079,000 common shares at a price of $0.06 to EMX Royalty Corp as required under the option and purchase agreement signed in April 2021.

On November 9, 2023, the Company completed a private placement consisting of 41,775,000 units at $0.03 per unit for gross proceeds of $1,253,250. Each unit of the private placement consists of one common share in the capital of the Company and one-half of a share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.06 per share at any time until expiry, November 9, 2025. The Company paid finders fees of $67,409 in cash and issued a total 2,716,667 finders' warrants under the same terms and conditions as the unit warrants. The warrants are restricted from being exercised if by exercising them the holder would become a 10% shareholder. Further, the warrants are subject to an accelerated exercise clause in the event the Company's share price exceeds $0.15 for 10 consecutive trading days.

Expressed in Canadian Dollars

11. Share Capital and Reserves (continued)

(ii) Stock options

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

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

a) Movements in stock options during the year:

	Options Outstanding	Weighted Average Exercise Price
Balance May 31, 2022	**11,445,000**	**$0.13**
Expired/cancelled/forfeited	(400,000)	$0.10
Balance, May 31, 2023	**11,045,000**	**$0.13**
Expired/cancelled/forfeited	(7,045,000)	$0.15
Balance May 31, 2024	**4,000,000**	**$0.10**

b) Fair value of options granted

On February 18, 2022, the Company granted an aggregate of 4,400,000 incentive stock options. During the year ending May 31,2024, a total value of $39,017 (2023 - $157,681) 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	1.57%
Expected dividend yield	nil
Expected stock price volatility	176.29%
Expected life	3
Expected forfeiture rate	nil

c) Stock options outstanding

Options Outstanding	**Options Exercisable**	**Price per Share**	**Remaining contractual life (years)**	**Expiry date**
4,000,000	4,000,000	$ 0.10	0.72	February 18, 2025
4,000,000	**4,000,000**			

The weighted average exercise price of the options exercisable at May 31, 2024 is $0.10 (2023 - $0.14).

On June 4, 2023, 1,815,000 options expired and were cancelled.
On October 18, 2023 250,000 options expired and were cancelled.
On November 4, 2023 4,980,000 options expired and were cancelled.

Expressed in Canadian Dollars

11. Share Capital and Reserves (continued)

(iii) Share purchase warrants

a) Movements in warrants during the year:

	Warrants Outstanding	Weighted Average Exercise Price
Balance May 31, 2022	**62,558,260**	**$0.12**
Issued	14,426,667	$0.12
Balance, May 31, 2023	**76,984,927**	**$0.12**
Expired	(62,558,260)	$0.12
Issued	23,604,167	$0.06
Balance, May 31 2024	**38,030,834**	**$0.08**

On September 3, 2023, a total of 62,558,260 warrants that were issued as part of its September 2020 financing expired during the year ended May 31, 2024.

On November 9, 2023 the Company issued 20,887,500 warrants and 2,716,667 finders' warrants as part of the private placement completed in November 9,2023, with an exercise price of $0.06 and an expiry of November 9, 2025. The 20,887,500 warrants were valued at $nil based on the residual value method.

b) Fair value of finders' warrants issued

On November 9, 2023, the Company issued 2,716,667 finders' warrants with a fair value of $53,143. 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	4.57%
Expected dividend yield	nil
Expected stock price volatility	158%
Expected life	2
Expected forfeiture rate	nil

12. 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.

	May 31 2024 **$**	**May 31, 2023** $
Management fees	398,733	398,615
Share-based payments	18,533	107,270

Expressed in Canadian Dollars

12. Related Party Transactions (continued)

b) Related party balances recorded in current liabilities

	May 31 2024 **$**	May 31, 2023 $
Glen Parsons- Non-executive director	47,733	20,405
Perihelion Inc – Mary Little - Non-executive director	261,849	20,405
Eric Roth - CEO	174,679	9,185
Genco Professional Services- S Cooper – CFO	78,011	8,709
Marketworks Inc. – Kathryn Witter Company Secretary	26,400	9,240

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

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

		May 31 2024 **$**	**May 31, 2023** **$**
Salaries/Exploration/Consulting	(i)	398,733	398,615
Share based payments		18,533	107,270

(i) Key management were not paid post-employment benefits or other long-term benefits during the year ended May 31, 2024 and May 31, 2023

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 $176,891 (2023: $159,712) to SSL and recorded interest expense of $157 for the year ending May 31, 2024 (2023: $311).
- On October 13, 2023, the Company entered into a convertible promissory note with a non-executive director for US$150,000 (C$205,078 receipted). Interest shall accrue on the unpaid principal amount of this Note at the rate of 8% per annum, payable in quarterly installments on January 13, 2024, April 13, 2024, July 13, 2024, and at the Maturity Date being October 13, 2024, with the exception that the Company shall have the option to satisfy one quarterly payment of interest by the issuance of common shares. Interest of $9,513 has been recorded in the year ended May 31, 2024.

13. Segmented Information

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

	May 31, 2024 **$**	May 31, 2023 **$**
Total Non-current long-lived assets		
Norway	677,533	4,158,394
Finland	953,620	1,602,502
Canada	-	498,103
	1,631,153	**6,258,999**

Expressed in Canadian Dollars

14. Supplemental Cash Flow Information

	May 31, 2024 $	May 31, 2023 $
Changes in non-cash working capital		
Movement in receivables	31,684	(6,807)
Movement in prepaid expenses	1,775	51,820
Movement in accounts payable and accrued liabilities	373,588	98,170
	407,047	143,183

	May 31, 2024 $	May 31, 2023 $
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	332,234	824,895
Exploration and evaluation expenditures included in prepayments	5,224	-
Depreciation included in exploration and evaluation expenditures	826	881
Finders warrants issued	53,143	-
Shares received – Teako Minerals	40,000	-
Shares received- Eurolithium agreement	224,400	55,000
Shares received- Savant option agreement	170,000	90,000
Shares issued- EMX acquisition	-	(906,000)
Supplementary disclosure of cash flow information:		-
Cash paid for interest	-	-
Cash paid for income taxes	-	-

15. 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.

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

16. Commitments and Contingencies

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

4. 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.
5. From the second anniversary of signing (September 1, 2022), Capella will be required to make advanced royalty payments to EMX of $25,000 per remaining project, increasing $5,000/year up until reaching a maximum of $75,000/year per project.
6. 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
7. EMX to retain a 2.5% NSR in the projects, with 0.5% being purchasable for USD 1M within 6 years.

As part of the Teako agreement for the Lokken project (announced post year-end), Teako will assume payments of both the annual Lokken claim holding payments and the advanced royalty due to EMX starting September 30, 2024. Teako has also assumed the underlying NSR due to EMX upon the commencement of commercial production from the Lokken project. Teako will also pay Capella a further CAD 1,250,000 upon a Final Investment Decision ("FID") being made to proceed to the construction of a mine within the Løkken project.

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

Terms of the agreement are:

8. 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 date of Closing Date being the date TSXV approval was obtained. 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.
9. 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 ("NSR") (with 1% being purchasable for USD 1 million).

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

- USD 75,000 upon the second anniversary of the Closing Date (September 2023)(deferred to November 2023)
- USD 100,000 on the third anniversary of the Closing Date

The Company has the following commitments in relation to its agreement signed on April 6, 2022 with Hessjøgruva AS for the acquisition of a 100% interest in the Hessjøgruva project:

(i) Capella managing and funding exploration / development activities on the project.
(ii) Capella paying Hessjøgruva AS a one-time amount of Euro 500,000 upon completion of a positive Bankable Feasibility Study.
(iii) Capella providing Hessjøgruva AS with a 2.5% NSR on all future metal production from the project, retaining an option to buy-back 0.5% of this NSR at any time prior to the commencement of commercial production for Euro 1,000,000.
(iv) Capella to cover the cost of annual property payments and basic administration costs.

The Company has a 1% NSR commitment to elementX's original shareholders on any potential future metal production from the acquired REE portfolio completed during the year ended May 31, 2023.

Expressed in Canadian Dollars

17. Income Taxes

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

	May 31, 2024 $	May 31, 2023 $
Gain/(Loss) before taxes	(5,746,150)	(1,453,051)
Expected income tax (recovery)/expense	(1,551,000)	(378,000)
Changes in statutory and foreign exchange rates	(41,000)	(32,000)
Non-deductible expenditures/(revenues)	1,321,000	230,000
Change in unrecognized deductible temporary differences and other	271,000	180,000
Total income tax expense (recovery)	-	-

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

	2024 $	Expiry dates	2023 $
Share issue costs	128,000	2045 to 2048	115,000
Allowable capital losses	172,000	No expiry	140,000
Non-capital losses	6,658,000	2026 to 2044	6,290,000
Capital assets	2,500	No expiry	2,500
CEC	5,500	No expiry	5,500
Mineral properties	1,238,000	No expiry	718,000
Marketable securities	75,000	No expiry	-
	8,279,000		**7,271,000**

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

18. Non-controlling interest

	May 31, 2024 $	May 31, 2023 $
Non-controlling interest in subsidiary- Cullen Finland Oy	**103,242**	**126,075**
Assets and liabilities of subsidiary		
Current assets	24,555	29,749
Non-current assets	746,004	643,223
Current liabilities	(11,402)	(35,094)
Non-current liabilities	(415,017)	(217,629)
Net assets	**344,140**	**420,249**
Non-controlling interest (30%)	**103,242**	**126,075**
Loss for the year	76,112	12,900
Non-controlling interest share (30%)	22,833	3,870

Expressed in Canadian Dollars

19. Investment in Associate

The Company has a 49% interest in Sierra Blanca SA ("Sierra Blanca"), a gold-silver project located in Santa Cruz province, Argentina. Sierra Blanca is a private entity not listed on any public exchange. The Company had been recording its interest using the equity method in the consolidated financial statements. On May 21, 2024, the Company reached an agreement whereby Unico will acquire a 100% interest in Sierra Blanca S.A., the Argentine subsidiary whose sole asset is the Sierra Blanca gold-silver project in Santa Cruz Province. As a result, the Company recognised its interest in Sierra Blanca as an asset held for sale, measured at the lower of its carrying value and fair value less costs to sell, at May 31, 2024. On July 24, 2024 the Company completed the sale of its interest in Sierra Blanca.

The following table illustrates summarised financial information of the Company's investment in Sierra Blanca.

	May 31, 2024 $	May 31, 2023 $
Current assets	1,378	30,513
Non-current assets	180,965	289,570
Current liabilities	(28,761)	(33,961)
Non-current liabilities	(6,431)	(89,043)
Equity	**147,151**	**197,079**
Company's share in equity 49% (2023: 49%)	72,104	96,568
Other comprehensive loss	(24,655)	-
Transfer to asset held for sale	(47,449)	-
Company's carrying amount of the investment	**-**	**96,568**
Administrative expenses	(100,243)	(33,421)
Company's share of loss for the year	**(49,119)**	**(16,376)**
Other comprehensive loss	24,655	-
Total comprehensive loss for the year	**(24,464)**	**(16,376)**

20. Equipment

	Office equipment $	Accumulated depreciation $	TOTAL $
May 31, 2022 and 2021	-	-	-
Additions	2,619	-	2,619
Depreciation	-	(881)	(881)
Foreign exchange movements	(308)	89	(219)
May 31, 2023	**2,311**	**(792)**	**1,519**
Depreciation	-	(826)	(826)
Foreign exchange movements	159	(76)	83
May 31, 2024	**2,470**	**(1,694)**	**776**

21. Subsequent events

1. On July 24, 2024 the contractual obligation payable to SSL was extinguished with the receipt of Unico shares received, and immediately forwarded to SSL, as part of the consideration received for the sale of the Company's interest in Sierra Blanca.

2. On August 19, 2024 the Company announced it had executed a Definitive Acquisition Agreement (the "Agreement") with Teako Minerals Corp. (CSE: TMIN)("Teako") pursuant to which Teako will acquire a 90% interest in Capella's high-grade Løkken copper-cobalt-zinc ("Cu-Co-Zn") project in Trøndelag, central Norway. In accordance with the Agreement, Capella will receive a combination of cash and common shares in Teako within two weeks of signing, a firm commitment by Teako to carrying out drilling on the Åmot target and bringing additional Cu-Co-Zn targets to drill-ready status, with Capella retaining a non-dilutable 10% carried interest on the Løkken project through to commercial production.

   Terms of the Agreement
   Key terms of the Agreement under which Teako will acquire a 90% interest in the Løkken project include:
   i) Capella to receive $C350,000 in cash and 2,500,000 common Teako shares on or before August 30, 2024 (receipted).
   ii) Teako to commit to drilling the Åmot target with new funds raised within twelve months of signing the Agreement, in addition to advancing at least two further targets to drill-ready status within 24 months from signing.
   iii) Teako to pay Capella a further C$1,250,000 upon a Final Investment Decision ("FID") being made to proceed to the construction of a mine within the Løkken project.
   iv) Capella to retain a 10% carried interest to production, which includes capital costs, on any discovery made within the Løkken project.
   v) Teako to keep the property in good standing and to make all annual advanced royalty payments to EMX Royalty Corporation ("EMX") starting 30 September 2024.
   vi) Customary tag along / drag along rights, with Capella maintaining at all times a Right of First Refusal ("ROFR") on any bona fide third-party offer received for Teako's interest in the Løkken project.

   In the event that Teako makes a Final Investment Decision to proceed with commercial production, Capella and Teako will then enter into a Joint Venture Agreement ("JV Agreement"). As part of this JV Agreement, Capella will not be required to make any contributions to the mine capital costs until commercial production commences (at which time Capella will be required to payback its share of capital costs by netting out 25% of the amount of any distribution to Capella until such amounts are recovered). Should the mine close prior to final repayment, the balance outstanding payable by Capella will be forgiven clear of any further obligations.

3. Subsequent to the period, the sale of the Company's interest in Sierra Blanca was completed with Unico shareholder approval being received on July 9, 2024 and final ASX approval received on July 24, 2024.

4. On September 23, 2024, the Company sold 1,000,000 Prospector shares for gross proceeds of $115,000.

5. On September 25, 2024 the Company sold 1,132,750 number of Unico shares for gross proceeds of $207,112.