

CAPELLA MINERALS LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 29, 2024 and FEBRUARY 28, 2023

(Expressed in Canadian Dollars)

NOTICE TO READER

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

Capella Minerals Limited

Condensed Interim Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at

	Note	February 29, 2024 \$	May 31, 2023 \$
ASSETS			
Current			
Cash		51,846	57,973
Receivables	3	6,138	40,747
Prepaid expenses		28,996	37,431
		<u>86,980</u>	<u>136,151</u>
Non-current			
Property, plant and equipment		972	1,519
Exploration and evaluation assets	6	6,693,791	6,258,999
Investment	5	75,000	75,000
Investment in Associate		84,572	96,568
		<u>6,854,335</u>	<u>6,432,086</u>
TOTAL ASSETS		<u>6,941,315</u>	<u>6,568,237</u>
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	4	986,149	1,005,928
Contractual obligation payable	7	-	45,157
Deferred consideration payable	8	129,909	90,418
Loan	9	209,656	-
		<u>1,325,714</u>	<u>1,141,503</u>
Non-current			
Contractual obligation payable	7	159,830	114,555
Deferred consideration payable	8	-	132,646
		<u>159,830</u>	<u>247,201</u>
TOTAL LIABILITIES		<u>1,485,544</u>	<u>1,388,704</u>
SHAREHOLDERS' EQUITY			
Share capital	10	23,776,512	22,643,814
Reserves – warrants	10	495,697	442,554
Reserves – options	10	2,062,684	2,023,667
Reserves – foreign currency translation		(67,719)	(186,396)
Accumulated deficit		(20,915,743)	(19,870,181)
Non-controlling interests		104,340	126,075
		<u>5,455,771</u>	<u>5,179,533</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>6,941,315</u>	<u>6,568,237</u>
Nature of operations and going concern	1		
Basis of presentation	2		
Commitments and contingencies	15		
Subsequent events	16		

APPROVED ON BEHALF OF THE BOARD ON April 29, 2024:

Eric Roth

Director

Glen Parsons

Director

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

Capella Minerals Limited

Condensed Interim Consolidated Statements of Net Income or Loss and Comprehensive Income or Loss

Expressed in Canadian Dollars
For the nine months ended

	Note	Three months ended		Nine months ended	
		February 29 2024 \$	February 28, 2023 \$	February 29 2024 \$	February 28, 2023 \$
General and administrative expenses					
Management and administrative fees		(140,215)	(142,635)	(427,083)	(408,439)
Shareholder information and meetings		(7,111)	(3,397)	(85,257)	(104,088)
Share-based payments	10	(12,863)	(42,447)	(39,017)	(171,357)
Travel		(7,015)	(3,428)	(38,504)	(40,435)
Regulatory and transfer agent fees		(22,597)	(22,499)	(43,918)	(57,629)
Office and general		(22,837)	(15,952)	(32,959)	(30,402)
Professional fees		(3,981)	-	(6,708)	(3,662)
		(216,619)	(230,358)	(673,446)	(816,012)
Loss on sale of financial assets	5	-	-	(14,520)	(114,622)
Share of losses- investment in associate		(4,500)	-	(12,000)	(14,548)
Provision against/write off deferred exploration and evaluation costs	6	(305,506)	(83,270)	(321,564)	(90,102)
Interest and other	9	(5,373)	-	(7,430)	-
Foreign exchange gain/(loss)		(5,844)	4,893	(23,273)	(28,122)
Deferred consideration payable interest	8	(2,714)	(2,631)	(8,211)	(7,801)
Contractual obligation payable interest	7	(39)	(78)	(118)	(234)
Unrealized gain/(loss) on financial assets	5	15,000	46,667	15,000	36,667
Loss for the period		(525,595)	(264,777)	(1,045,562)	(1,034,774)
Other comprehensive gain/(loss)					
Foreign currency translation		48,986	(31,802)	118,677	(5,816)
Comprehensive gain/(loss) for the period		(476,609)	(296,579)	(926,885)	(1,040,590)
Loss per share – basic and diluted	\$	(0.0)	(0.0)	(0.0)	(0.01)
Weighted average number of shares outstanding		203,391,514	195,210,195	197,499,236	179,078,090

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

Capella Minerals Limited

Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

For the nine months ended

	Note	February 29 2024 \$	February 28 2023 \$
Cash provided by (used in):			
Operating activities			
Net income/(Loss) for the year		(1,045,562)	(1,034,774)
Items not affecting cash:			
Realised loss on sale of financial assets	5	14,520	114,622
Share-based payments	10	39,017	171,357
Foreign exchange		23,273	28,122
Share of losses in investment in associate		12,000	14,548
Write off/provision against deferred exploration and evaluation costs		280,000	90,122
Unrealized movement on financial asset	5	(15,000)	(36,667)
Deferred consideration payable interest	8	8,211	7,801
Contractual obligation payable interest	7	118	234
Changes in non-cash working capital	13	428,023	10,441
		(248,400)	(634,194)
Investing activities			
Net proceeds from sale of financial assets	5	40,450	216,338
Exploration and evaluation costs		(1,055,997)	(971,828)
Payment for acquisition- anniversary payment (Cullen)	8	(102,867)	(67,715)
Payments for property, plant and equipment		-	(1,857)
Proceeds from farm out agreement – Prospector		-	50,000
		(1,118,414)	(775,062)
Financing activities			
Proceeds from issue of shares	10	1,253,250	1,613,600
Share issue costs	10	(67,410)	(79,791)
Loan proceeds	9	205,078	-
		1,390,918	1,533,809
Change in cash		24,104	124,553
Effect of fluctuations in exchange rates on cash		(30,231)	(34,057)
Cash – beginning of year		57,973	96,507
Cash – end of year		51,846	187,003

Supplemental cash flow information

13

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

Capella Minerals Limited

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

For the Nine Months Ended February 29, 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
Net loss for the year	-	-	-	-	-	(1,034,774)	-	(1,034,774)
Share-based payments	-	-	22,852	171,357	-	-	-	194,209
Issue of shares	26,893,333	1,613,600	-	-	-	-	-	1,613,600
Share issue costs	-	(102,643)	-	-	-	-	-	(102,643)
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	-	-	-	-	(5,816)	-	-	(5,816)
Movement in non-controlling interest	-	-	-	-	-	-	(629)	(629)
February 28 2023	195,210,195	22,643,838	442,554	2,007,760	(81,768)	(19,451,904)	126,994	5,687,474
Loss for the year	-	-	-	-	-	(418,277)	-	(418,277)
Share-based payments	-	-	-	15,907	-	-	-	15,907
Share issue costs	-	(24)	-	-	-	-	-	(24)
Issue of shares- property payment	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	(104,628)	-	-	(104,628)
Movement in non-controlling interest	-	-	-	-	-	-	(919)	(919)
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	-	-	-	-	-	(1,045,562)	-	(1,045,562)
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	-	-	-	-	118,677	-	-	118,677
Movement in non-controlling interest	-	-	-	-	-	-	(21,735)	(21,735)
February 29, 2024	236,985,195	23,776,512	495,697	2,062,684	(67,719)	(20,915,743)	104,340	5,455,771

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

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

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 and battery metals projects in Scandinavia (copper-cobalt projects in Norway and lithium-rare earth element projects in central Finland) together with copper-gold projects in northern Finland. In addition, the Company also retained exposure to exploration success in precious metals projects through two gold Joint Ventures in Canada and a silver-gold Joint Venture in Argentina.

These condensed interim consolidated financial statements for the nine months ended February 29, 2024 (the “interim financial statements”) have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. The Company has incurred an accumulated deficit of \$20,915,743 at February 29, 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.

During the period, the Company entered into a binding asset sale agreement with Polar Transition Minerals AS (formerly "NickelX AS") (“Polar”), a private Norwegian mining company, through which it will sell its 100% interests in the Hessjøgruva-Kjøli and Løkken copper-zinc-cobalt projects located in Trøndelag Province, central Norway (the "Transaction"). Polar currently holds 100% interests in 4 nickel exploration projects in northern Norway (Hamn, Palfjellet, Birgivi, and Envold), and is in the process of undertaking an Initial Public Offering ("IPO") with the combined assets on Oslo's Euronext Growth Exchange with the objective of becoming Norway's leading independent battery metals company. This agreement was revised on April 9, 2024. Refer to Note 16 for further details. The revised terms of the agreement includes total consideration of the Transaction to Capella, payable upon completion of the Polar IPO, of \$ 6.45 million being \$3.75 million in cash and \$2.5 million in Polar IPO shares and an immediate payment of approximately \$200,000 to cover ongoing costs directly related to the projects. The closing date has been amended to July 7, 2024

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 condensed interim consolidated financial statements for the nine months ended February 29, 2024, and February 28, 2023 (“interim financial statements”) have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the Company’s annual financial statements for the year ended May 31, 2023, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Historical cost

These interim 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.

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

2. Basis of Presentation- continued

Approval

These interim financial statements of the Company and its subsidiaries for the nine months ended February 29, 2024, were approved and authorized for issue by the Board of Directors on April 29, 2024.

Principles of Consolidation

The interim 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 (previously known as Bastutrask Holdings AB)	Sweden	100%	Swedish kroner
Capella Minerals Norway AS (previously known as Norra Metals 1 AS)	Norway	100%	Norwegian kroner
Cullen Finland Oy	Finland	70%	Euro
Eurolithium Oy (previously known as Element X Finland Oy)	Finland	100%	Euro

Significant Accounting Estimates and Judgments

The preparation of the interim 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.

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

2. Basis of Presentation- continued

(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 (formerly elementX Finland Oy) has been determined to be the Euro. The functional currency of its other entities, including the parent is the Canadian dollar.

(v) Contractual obligation payable

The Company has a contractual obligation to pay up to \$50,000 per year for a period of up to 15 years (from inception) to acquire certain assets in Argentina. The terms of this payable were amended on June 4, 2020. The Company has assessed the contractual obligation payable for the acquisition of the Argentinean assets. As part of the finalisation of the Cerrado Gold Inc (“Cerrado” “TSXV CERT”) deal on January 22, 2021, the annual payments of the Company owing to Sandstorm Gold Limited (“SSL”) were extinguished in respect of the Las Calandrias and Los Cisnes projects under a share purchase agreement dated February 19, 2018, as amended and assigned. The remaining annual payment obligation is in relation to the Sierra Blanca project and is subject to, amongst other considerations, the Company’s market capitalization on the anniversary date of the agreement. Refer Note 7.

3. Receivables

	February 29, 2024	May 31, 2023
	\$	\$
HST/GST receivable	6,108	20,532
Other receivables	30	20,215
	6,138	40,747

4. Accounts payable, accrued & other liabilities

	February 29, 2024	May 31, 2023
	\$	\$
Accounts payable	664,103	836,841
Accrued liabilities	322,046	117,721
Other	-	51,366
	986,149	1,005,928

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

5. Financial Instruments

Categories of financial instruments

	February 29, 2024	May 31, 2023
	\$	\$
Financial assets		
Fair value through profit or loss (“FVTPL”)		
Cash	51,846	57,973
Investments	75,000	75,000
Amortized Cost		
Receivables	6,138	40,747
	132,984	173,720
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	986,149	1,005,928
Contractual obligation payable	129,909	159,712
Deferred consideration payable	159,830	223,064
Loan	209,656	-
	1,485,544	1,388,704

During the year ended May 31, 2022, Prospector Metals announced the completion of a 3:1 share consolidation and a name change from Ethos Gold Corp. (TSX.V: ECC) (“Ethos”). The terms of future share payments to Capella as part of the Savant Gold Property earn-in agreement were modified to reflect both the share consolidation and name change.

During the nine months ended February 29, 2024, the Company sold 100,000 European Energy shares for gross proceeds of \$40,585 and cash costs to sell of \$135, with a total realised loss of \$14,520 (including costs to sell) being recorded for the nine months ending February 29, 2024. The Company does not hold any shares in European Energy as at February 29, 2024.

During the period, Capella received 1,000,000 common shares of Teako Minerals Corp (CSE: TMIN)(“Teako”) as part of a strategic partnership whereby Teako earned into a 50% interest in the combined Vaddas-Birtavarre properties in Norway. Refer to Note 6 for further details. The company recognized an unrealized gain of \$15,000 on these shares held at February 29, 2024

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:

	February 29, 2024	May 31, 2023
	\$	\$
Financial Assets		
Level 1		
Cash	51,846	57,973
Quoted shares	75,000	75,000

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

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

5. Financial Instruments (continued)

Financial Risk Management

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

a) Currency Risk

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

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

February 29, 2024	Cash	Receivables	Accounts payable and accrued liabilities	Loan
	\$	\$	\$	\$
US dollars	235	-	81,078	209,656
Swedish kroner	19,012	255	8,515	-
Euro	20,734	20	49,715	-
Australian dollars	-	-	54,611	-
Norwegian kroner	136	-	287,009	-
Great Britain pounds	856	-	7,360	-
May 31, 2023	Cash	Receivables	Accounts payable and accrued liabilities	Loan
	\$	\$	\$	\$
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 February 29, 2024 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase comprehensive loss by \$23,738 (\$2023: \$35,008).

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 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 February 29, 2024 and February 28, 2023 the Company did not hold any short-term investments or cash equivalents.

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

5. Financial Instruments (continued)

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

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 February 29, 2024 the Company had cash of \$51,846 (May 31, 2023 - \$57,973) to settle current liabilities of \$1,325,714 (May 31, 2023 - \$1,141,503), \$129,909 being the current portion of deferred consideration payable to Cullen Resources and promissory note payable to related party of \$209,656. The Company has requested a VAT refund from the Norwegian tax authority to refund the last three years of VAT paid on exploration expenditures. The Company awaits the decision.

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 February 29, 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 \$7,500 (2022: \$14,000)

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements
For the Nine Months Ended February 29, 2024
Expressed in Canadian Dollars

6. 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	138,707	29,740	18,148	16,392	861	4,115	928,790	-	1,271,290
Camp, travel, administration and other costs	1,737	89,364	37,945	-	16,952	3,806	1,273	-	8,833	-	159,910
Geologists and data collection	4,903	244,439	448,456	23,680	51,241	63,019	-	62	-	-	835,800
Drilling and assay costs	-	36,332	-	-	-	-	-	-	-	-	36,332
Write down of exploration evaluation assets and other	(6,639)	-	-	-	-	-	-	-	-	-	(6,639)
Farm out recoveries	-	-	-	-	-	-	-	-	-	(153,335)	(153,335)
Foreign exchange movement	581	(5,311)	(16,032)	(68)	1,441	15,427	187	233	(440)	-	(3,982)
Balance February 28, 2023	126,320	1,732,009	1,817,471	58,605	92,497	514,497	255,605	4,410	937,183	484,768	6,023,365
Acquisition and tenure	-	-	(1)	8,020	-	-	-	-	(439)	-	7,580
Camp, travel, administration and other costs	-	18,735	33,961	3,652	75	6,817	815	3,652	-	-	67,707
Geologists and data collection	-	58,295	520,710	-	-	6,473	-	-	25,495	-	610,793
Drilling and assay costs	-	(9,067)	-	-	-	-	-	-	-	-	(9,067)
Write down of exploration and evaluation assets and other	(126,320)	-	-	-	-	-	-	-	-	-	(126,320)
Farm out recoveries	-	-	-	-	-	-	-	-	(155,000)	13,335	(141,665)
Foreign exchange movement	-	(44,125)	(123,771)	(3,387)	(5,285)	1,455	49	23	1,467	-	(173,574)
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	23,713	-	57,243	-	-	-	-	141,085
Camp, travel, administration and other costs	-	32,456	30,389	1,749	-	990	10,961	1,837	-	-	78,382
Geologists and data collection	-	147,017	160,844	11,381	-	15,317	23,403	39,132	-	-	397,094
Drilling and assay costs	-	-	2,348	-	-	-	-	-	-	-	2,348
Farm out recoveries	-	-	-	-	(40,000)	-	-	-	-	-	(40,000)
Provision for impairment	-	-	-	-	(37,000)	-	-	-	(250,000)	-	(287,000)
Foreign exchange movement	-	37,615	64,477	2,342	3,269	15,856	11,048	578	7,698	-	142,883
Balance February 29, 2024	-	2,002,935	2,536,557	106,075	13,556	618,648	301,881	49,632	566,404	498,103	6,693,791

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

6. 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:

- Capella acquired an initial 70% interest in Cullen Finland Oy (Cullen's 100%-owned Finnish subsidiary and registered owner of the Katajavaara and Aakenus gold-copper projects) in return for paying Cullen AUD 50,000 upon the transaction receiving TSX.V Exchange and regulatory approval (the "Closing Date").
- Capella will be required to invest a total of USD 250,000 in exploration expenditures on the two projects over a 24 month period from the Closing Date. Capella may then acquire a further 10% interest in Cullen Oy (for a total 80% interest) in return for a further USD 750,000 investment in the two projects over a 4.5-year period from the Closing Date.
- Cullen will then be free carried at 20% until the completion of a Pre-Feasibility Study ("PFS") on either of the two projects. Thereafter, a standard dilution formula will apply, and should a party's direct interest fall to below 10% then they will revert to a 2% Net Smelter Royalty ("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

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 period ended February 29, 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.

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").

Key terms of the agreement:

- 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 the acquisition, Capella issued elementX's shareholders a total of 15.1M Capella common shares valued at \$906,000 (Note 9).
- In addition, the original elementX shareholders will retain a 1% NSR on any potential future metal production from the acquired portfolio.

The acquired subsidiary, elementX had no other assets aside from the mineral reservations at the effective date of acquisition being October 31, 2022. Consequently, acquisition costs of \$906,000 were all allocated to the exploration and evaluation assets.

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.

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

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.

Terms of the Earn-In Agreement

- Hilo 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, Hilo will become the operator of the Property. As at May 31, 2023 Hilo had not completed all commitments required to earn-into a 51% interest.
- Following exercise of the Initial Option, Hilo 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 (Li₂O) 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 C\$ 1 million 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.

Subsequent to the period, Capella agreed to cede to FIN a 100% interest in the Central Finland Li-REE project in return for a cash consideration of C\$250,000, 1,100,000 common FIN shares (in addition to 150,000 common FIN 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 Euro 1,000,000. TSXV approval for the transaction was received on April 18, 2024. The Company recorded a provision for impairment of \$250,000 as at February 29, 2024 against the Eurolithium project.

Norway Copper-Cobalt Projects

Løkken and Kjølvi, Norway (100% Capella)

The Løkken and Kjølvi 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.

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 advanced exploration-stage 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.

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

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 period, Capella and Teako have agreed to a strategic partnership covering exploration collaboration and communication in the northern Scandinavia copper belt. As part of this agreement, Teako has acquired a 50% interest in the combined Vaddas-Birtavarre properties for a consideration of 1,000,000 Teako common shares and retains the option to acquire a 100% interest in the projects in return for a minimum exploration expenditure of C\$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 (being the cash equivalent of the remaining 500,000 Teako common shares to be issued to Capella). Capella continues to hold the 1,000,000 Teako common shares that were originally issued. The Company recorded a provision for impairment of \$38,000 as at February 29, 2024 against the Vaddas-Birtavarre project.

Swedish Gold Project

Southern Gold Line

The Southern Gold Line (“SGL”) project is located in central Sweden and consists of 8 licences covering 500 square kilometres. 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 nine months ending February 29, 2024, the Company expensed \$34,564 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 (TSXV: PPP) which allows Prospector Metals to earn-in to a 70% interest in the Savant Gold Project in return for annual work commitments and cash/share payments to Capella.

Prospector Metals announced on April 6, 2022, the completion of a 3:1 share consolidation and a name change from Ethos Gold Corp. (TSX.V: ECC) (“Ethos”) to Prospector Metals. The terms of future share payments to Capella as part of the Savant Gold Project earn-in agreement have also been modified to reflect both the share consolidation and name change.

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

*Investors are reminded that Prospector Metals announced a 3:1 Corporate share consolidation on April 6, 2022; share payments indicated in this table are provided on a post-consolidation basis (and includes rounding)

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

6. Exploration and Evaluation Assets (continued)

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.

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 (who assumed operatorship of the Domain Joint Venture after completing the acquisition of Yamana Gold's Canadian assets on March 31, 2023). Capitalized costs related to the property were written off during the year ended May 31, 2013.

7. Contractual Obligation Payable

The Company has a contractual obligation payable of \$159,830 in relation to its acquisition on May 14, 2018 of its interests in the Sierra Blanca gold-silver projects in Santa Cruz province, Argentina.

	February 29, 2024	May 31, 2023
	\$	\$
Current	-	45,157
Non-current	159,830	114,555
	159,830	159,712

Reconciliation of movements are as follows:

	February 29, 2024	May 31, 2023
	\$	\$
Opening balance	159,712	159,401
Interest	118	311
Closing balance	159,830	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 nine months ended February 29, 2024, the Company recorded interest expense of \$118 (2023: \$234) in relation to the contractual obligation payable.

The annual payment is due on the anniversary date of the acquisition of its interest in the Sierra Blanca projects, being May 14, 2018. Management has assessed that the contractual obligation period will not extend beyond five years from the effective date of the amended terms of the contractual obligation payable. Management considered the above terms of the agreement and the expected timeline for completion regarding each potential end to the obligation payments in making this judgment.

The 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.

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

8. Deferred Consideration Payable

The Company has recognised a deferred consideration payable of \$129,909 in relation to its acquisition from Cullen of its interest in the Katajavaara and Aakenus gold(-copper) projects.

	February 29, 2024	May 31, 2023
	\$	\$
Current	129,909	90,418
Non-current	-	132,646
	129,909	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 (C\$67,715 paid in the year ended May 31, 2023)
- USD 75,000 upon the second anniversary of the Closing Date (C\$102,867 paid in nine months ended February 29, 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:

	February 29, 2024	May 31, 2023
	\$	\$
Opening balance	223,064	261,285
Interest	8,211	10,566
Anniversary payment	(102,867)	(67,715)
Foreign exchange movements	1,501	18,928
Closing balance	129,909	223,064

9. Loan

	February 29, 2024	May 31, 2023
	\$	\$
Current	209,656	-
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 received). 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.

An amount of \$6,113 was recorded as interest expense on the promissory note during the nine months ending February 29, 2024.

Reconciliation of movements are as follows:

	February 29, 2024	May 31, 2023
	\$	\$
Opening balance		
Loan proceeds	205,078	-
Interest	6,113	-
Foreign exchange movements	(1,535)	-
Closing balance	209,656	-

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

10. 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 6 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.
- d) On November 15, 2023, the Company completed its previously announced (October 17, 2023) private placement. The Company was able to negotiate the sale of an aggregate 41,775,000 units at \$0.03 per unit for gross proceeds of C\$1,253,250 and has issued the shares and warrants to participants. The shares issued are subject to a hold period trading restriction expiring March 10, 2024. The Company paid 3 finders a finders' fee calculated as to 7% in cash and 10% in warrants for eligible purchasers. Haywood Securities Inc.; Leede Jones Gable Inc.; and LHC Mine Finance Ltd. were paid an aggregate C\$57,050 in fees and issued a total 2,716,667 finders' warrants under the same terms and conditions as the unit warrants. The Company also incurred a further \$10,359 in fees related to the non-brokered private placement completed on November 15, 2023. 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 C\$0.06 per share at any time until expiry, November 09, 2025. 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 C\$0.15 for 10 consecutive trading days.

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 February 28, 2023	11,045,000	\$0.13
Expired/cancelled/forfeited	(400,000)	\$0.10
Issued	4,400,000	\$0.10
Balance, May 31, 2023	11,045,000	\$0.13
Expired/cancelled/forfeited	(7,045,000)	\$0.17
Balance February 29, 2024	4,000,000	\$0.10

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

10. Share Capital and Reserves (continued)

b) Fair value of options granted

On February 18, 2022, the Company granted an aggregate of 4,400,000 incentive stock options. During the nine months ending February 29, 2024, a total value of \$39,017 (2023 - \$171,357) 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	0.97	February 18, 2025
4,000,000	4,000,000			

The weighted average exercise price of the options exercisable at February 29, 2024 is \$0.10 (2023 - \$0.14).

On June 4, 2023, 1,815,000 options expired and were cancelled.

On October 19, 2023 250,000 options expired and were cancelled.

On November 6, 2023 4,980,000 options expired and were cancelled.

(ii) 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, February 28, 2023	76,984,927	\$0.12
Balance, May 31, 2023	76,984,927	\$0.12
Expired	(62,558,260)	\$0.12
Issued	23,604,417	\$0.06
Balance, February 29, 2024	38,030,814	\$0.08

The Company issued 13,446,667 warrants and 980,000 finders' warrants as part of the private placement completed in October 2022, with an exercise price of \$0.12 and an expiry of October 28, 2024. The 13,446,667 warrants were valued at \$nil based on the residual value method.

On September 3, 2023, a total of 62,558,260 warrants that were issued as part of its September 2020 financing expired during the period ended February 29, 2024.

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

10. Share Capital and Reserves (continued)

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 October 8, 2022, the Company issued 980,000 finders' warrants with a fair value of \$22,852. 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	3.84%
Expected dividend yield	nil
Expected stock price volatility	103%
Expected life	2
Expected forfeiture rate	nil

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

11. Related Party Transactions

Details of the transactions between the Company and other related parties are disclosed below.

a) Related party transactions

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

	February 29, 2024	February 28, 2023
	\$	\$
Management fees	298,838	304,827
Share-based payments	18,533	150,056

b) Related party balances recorded in current liabilities

	February 29, 2024	May 31, 2023
	\$	\$
Glen Parsons- Non-executive director	39,311	20,405
Perihelion Inc – Mary Little - Non-executive director	248,989	20,405
Eric Roth - CEO	95,049	9,185
Genco Professional Services- S Cooper – CFO	54,611	8,709
Marketworks Inc. – Kathryn Witter Company Secretary	13,200	9,240

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

11. Related Party Transactions (continued)

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

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

		February 29, 2024	February 28, 2023
		\$	\$
Salaries/Exploration/Consulting	(i)	298,838	304,827
Share based payments		18,533	150,056

- (i) Key management were not paid post-employment benefits or other long-term benefits during the nine months ended February 29, 2024 and February 28, 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 \$159,830(2023: \$159,712) to SSL and recorded interest expense of \$118 for the nine months ending February 29, 2024 (2023: \$234).
- 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 \$6,113 has been recorded in the nine months ending February 29, 2024

12. Segmented Information

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

	February 29, 2024	May 31, 2023
	\$	\$
Total Non-current long-lived assets		
Norway	4,695,123	4,158,394
Finland	1,536,565	1,602,502
Canada	498,103	498,103
	6,693,791	6,258,999

Capella Minerals Limited
Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

13. Supplemental Cash Flow Information

	Nine months ended February 29, 2024	Nine months ended February 28, 2023
	\$	\$
Changes in non-cash working capital		
Movement in receivables	34,609	(12,508)
Movement in prepaid expenses	8,435	22,454
Movement in accounts payable and accrued liabilities and provisions	384,979	495
	428,023	10,441

	Nine months ended February 29, 2024	Nine months ended February 28, 2023
	\$	\$
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	387,260	416,090
Provision against/write off deferred exploration and evaluation costs	321,564	90,102
Investment in associate - share of losses	12,000	14,548
Deferred consideration interest payable	8,211	7,801
Loan – interest & other	7,430	-
Contractual obligation interest payable	118	234
Finders warrants issued	53,143	
Shares received – Teako Minerals	40,000	140,000
Unrealized revaluation movement of financial asset	(15,000)	(36,667)
Shares received- Savant option agreement	-	140,000
Shares issued - elementX acquisition	-	906,000
Shares issued- EMX acquisition	-	124,740
Supplementary disclosure of cash flow information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

14. Capital Management

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

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.

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

15. Commitments and Contingencies

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

- As per the terms of the agreement Capella has completed financings to the value of \$4,500,000 by issuing 2,079,000 shares on January 6, 2023. Afterwards, EMX retains the option to participate in future financings at its own discretion.
- On or before September 1, 2022, Capella shall incur an additional USD 500,000 in exploration expenditures aggregated across three projects (or on any one project).
- Beginning September 1, 2023, Capella commits to completing at least 1,000m of drilling on each project per year until the earlier of: i) a minimum of 10,000m has been completed on such project ii) the date that Capella has delivered to EMX a relinquishment notice in respect of a project or iii) the date that the parties mutually agree that no further drilling is warranted.
- From the second anniversary of signing (September 1, 2022), Capella will be required to make advanced royalty payments to EMX of \$25,000 per remaining project, increasing \$5,000/year up until reaching a maximum of \$75,000/year per project.
- Capella to make additional payments of USD 500,000 to EMX upon:
 - The filing of a Preliminary Economic Assessment technical report
 - The filing of a National Instrument 43-101 (“NI-43101”) compliant feasibility study
- EMX to retain a 2.5% NSR in the projects, with 0.5% being purchasable for USD 1M within 6 years.

The Company’s commitments on the Lokken and Kjøli projects will be extinguished on completion of the Polar deal.

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:

- 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. Refer to Note 7 for spend for the year ending May 31, 2023. Capella may then acquire a further 10% interest in Cullen Oy (for a total 80% interest) in return for a further USD 750,000 investment in the two projects over a 4.5-year period from the Closing Date.
- Cullen will then be free carried at 20% until the completion of a Pre-Feasibility Study (“PFS”) on either of the two projects. Thereafter, a standard dilution formula will apply, and should a party’s direct interest fall to below 10% then they will revert to a 2% Net Smelter Royalty (“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:

- Capella managing and funding exploration / development activities on the project.
- Capella paying Hessjøgruva AS a one-time amount of Euro 500,000 upon completion of a positive Bankable Feasibility Study.
- 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.
- Capella to cover the cost of annual property payments and basic administration costs.

From April 1, 2024 monthly holding costs for Hessjøgruva AS will be carried by Polar as part of the sale agreement .

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.

Capella Minerals Limited

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended February 29, 2024

Expressed in Canadian Dollars

16. Subsequent events

On March 15, 2024 the Company received 150,000 FIN common shares from its Joint Venture partner European Energy Metals Corp. (TSX.V: FIN)("European Energy"). These shares are subject to a 4 month hold period.

On April 5, 2024, the Companies announced that Capella had agreed to cede to FIN a 100% interest in the Central Finland Li-REE project in return for a cash consideration of C\$250,000, 1,100,000 common FIN shares (in addition to 150,000 common FIN 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 Euro 1,000,000. TSXV approval for the transaction was received on April 18, 2024.

On April 4, 2024 the Company announced it had entered in to a Property Acquisition Agreement with Prospector Metals Corp. (TSXV: PPP) ("Prospector") through which Prospector will acquire a 100% interest in the Savant Gold Project in Ontario, Canada. Prospector has been exploring the Savant Gold Project through an Earn-In Agreement announced in September, 2020, and has defined a number of high-grade gold targets from work conducted within both the extensive Iron Formation sequences (e.g. the Snowbird, Horseshoe targets) and the Wiggle Deformation Zone (see Company News Release dated June 28, 2022).

Terms of the Property Acquisition Agreement

- Prospector will acquire a 100% interest in the Savant Gold Project from Capella in accordance with the following terms:
- Prospector to make a cash payment to Capella of C\$50,000 on closing;
- Prospector to issue Capella 1,000,000 common shares (with a standard regulatory hold period of 4 months) upon closing; and,
- 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 C\$1,000,000).

The Property Acquisition Agreement replaces the existing Earn-In Agreement in its entirety, and closing will be subject to TSX Venture Exchange (and other regulatory) approvals being obtained.

On April 9, 2024 the Company announced that the Company and Polar Transition Metals AS ("Polar"; formerly "NickelX AS") have mutually agreed on a 90-day extension of the long-stop date in order to close the asset sale agreement previously announced on October 17, 2023 (the "Agreement"). The amended long-stop date to close the Agreement is now July 7, 2024. This extension paves the way for the ongoing Initial Public Offering ("IPO") of Polar on Euronext Growth in Oslo, Norway.

Revised Terms of the Asset Sale Agreement

Capella has agreed to extend the closing of the Agreement announced on October 17, 2023, to July 7, 2024. In recognition of current market conditions, Capella has also agreed to a minor adjustment in the consideration received from Polar by accepting an increased component of Polar shares upon completion of the IPO. As indicated previously, Capella intends to distribute all Polar shares received to its shareholders on a pro-rata basis.

The revised Polar consideration is as follows:

- (i) Capella to receive C\$2.5M in Polar shares upon closing of the IPO;
- (ii) Capella to receive C\$ 3.75M in cash upon closing of the IPO;
- (iii) Polar to immediately cover ongoing costs directly related to the projects and with an approximate value of C\$200,000.

All other terms and conditions of the Agreement remain unchanged.

On March 13, 2024, Teako announced 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 (being the cash equivalent of the remaining 500,000 Teako common shares required to be issued to Capella). Capella continues to hold the 1,000,000 Teako common shares that were originally issued.