

CAPELLA MINERALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2025

(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, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows 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, 2025 and 2024, 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 \$26,736,171 as at May 31, 2025 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 ended. 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 the matter described below to be the 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 \$1,191,763 as of May 31, 2025. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.



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.
- 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:

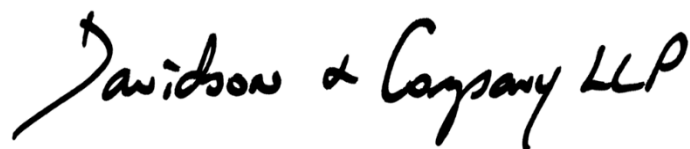
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 ended 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 Catherine Tai.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is fluid and cursive, with the first letters of "Davidson" and "Company" being capitalized and prominent.

Vancouver, Canada

Chartered Professional Accountants

September 29, 2025

Capella Minerals Limited
Consolidated Statements of Financial Position

Expressed in Canadian Dollars

As at

	Note	May 31, 2025 \$	May 31, 2024 \$
ASSETS			
Current			
Cash		33,629	61,409
Prepaid expenses		14,498	40,880
Asset held for sale		-	47,449
Receivables	4	13,112	9,064
		<u>61,239</u>	<u>158,802</u>
Non-current			
Equipment		-	776
Exploration and evaluation assets	7	1,191,763	1,631,153
Investment	6	201,831	449,150
		<u>1,393,594</u>	<u>2,081,079</u>
TOTAL ASSETS		<u>1,454,833</u>	<u>2,239,881</u>
LIABILITIES			
Current			
Accounts payable, accrued & other liabilities	5	1,436,411	971,117
Contractual obligation payable	8	-	176,891
Deferred consideration payable	9	68,698	133,369
Convertible promissory note	10	233,019	214,116
Share subscriptions received in advance	12	105,600	-
		<u>1,843,728</u>	<u>1,495,493</u>
TOTAL LIABILITIES		<u>1,843,728</u>	<u>1,495,493</u>
EQUITY (DEFICIENCY)			
Share capital	12	23,776,512	23,776,512
Reserves – warrants	12	495,697	495,697
Reserves – options	12	2,062,684	2,062,684
Reserves – foreign currency translation		(86,230)	(77,416)
Accumulated deficit		(26,736,171)	(25,616,331)
		<u>(487,508)</u>	<u>641,146</u>
Non-controlling interests	18	98,613	103,242
TOTAL EQUITY (DEFICIENCY)		<u>(388,895)</u>	<u>744,388</u>
TOTAL LIABILITIES AND EQUITY (DEFICIENCY)		<u>1,454,833</u>	<u>2,239,881</u>
Nature of operations and going concern			
	1		
Basis of presentation			
	2		
Commitments and contingencies			
	20		
Subsequent events			
	21		
APPROVED ON			
BEHALF OF THE BOARD ON SEPTEMBER 29, 2025:			
<u>Eric Roth</u>		<u>Glen Parsons</u>	
Director		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, 2025 \$	May 31, 2024 \$
General and administrative expenses			
Management and administrative fees		(631,551)	(592,528)
Shareholder information and meetings		(66,531)	(98,850)
Regulatory and transfer agent fees		(65,288)	(54,083)
Office and general		(51,216)	(87,758)
Professional fees		(26,680)	(11,611)
Travel		(18,712)	-
Share-based payments		-	(39,017)
		<u>(859,978)</u>	<u>(883,847)</u>
General exploration costs	7	(27,078)	(34,092)
Loss on sale of financial assets	6	(109,281)	(34,550)
Unrealized loss on financial assets	6	(43,668)	(22,000)
Loss on disposal of assets	7	(36,775)	(615,091)
Interest	10	(17,638)	(9,513)
Revaluation - contractual obligation payable	8	(3,480)	(17,022)
Deferred consideration payable interest	9	(3,009)	(11,004)
Share of losses- investment in associate	11	-	(49,119)
Contractual obligation payable interest		-	(157)
Gain on disposal of assets	7 & 11	357,692	-
Foreign exchange (loss)/gain		18,869	(26,062)
Provision for impairment – deferred exploration & evaluation costs	7	(395,494)	(4,043,693)
Loss for the year		(1,119,840)	(5,746,150)
Other comprehensive income(loss)			
Foreign currency translation		(8,814)	108,980
Comprehensive loss for the year		(1,128,654)	(5,637,170)
<i>Total loss attributable to:</i>			
Owners of the company		(1,113,775)	(5,722,602)
Non-controlling interests		(6,065)	(23,548)
		<u>(1,119,840)</u>	<u>(5,746,150)</u>
<i>Total comprehensive loss attributable to:</i>			
Owners of the company		(1,124,025)	(5,614,337)
Non-controlling interests	18	(4,629)	(22,833)
		<u>(1,128,654)</u>	<u>(5,637,170)</u>
Loss per share – basic and diluted		(0.03)	(0.16)
Weighted average number of shares outstanding		39,497,532	36,396,747

-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, 2025 \$	May 31, 2024 \$
Cash provided by (used in):			
Operating activities			
Loss for the year		(1,119,840)	(5,746,150)
Items not affecting cash:			
Sale of exploration & evaluation projects		-	615,091
Gain on exploration & evaluation projects	11	(313,292)	-
Loss on disposal of asset	7	36,775	-
Realised loss on sale of financial assets	5	109,821	34,550
Share-based payments		-	39,017
Foreign exchange		(19,549)	26,062
Share of loss in investment in associate	11	-	49,119
Write off of deferred exploration and evaluation costs	6	422,572	4,043,693
Unrealized movement on financial asset	5	43,668	22,000
Revaluation – contractual obligation payable	8	3,480	17,022
Interest	10	17,638	9,513
Deferred consideration payable interest	9	3,009	11,004
Contractual obligation payable interest		-	157
Changes in non-cash working capital	15	391,528	407,047
		(424,190)	(471,875)
Investing activities			
Proceeds from disposal of asset	7 & 11	394,400	300,000
Net proceeds from sale of financial assets	6	391,613	40,450
Exploration and evaluation costs		(373,651)	(1,216,153)
Payment for acquisition- anniversary payment (Cullen)	9	(72,411)	(102,867)
Proceed from farm out agreement		-	39,939
		339,951	(938,631)
Financing activities			
Share subscriptions received in advance	12	105,600	-
Proceeds from issue of shares		-	1,253,250
Share issue costs		-	(67,409)
Loan proceeds		-	205,078
		105,600	1,390,919
Change in cash		21,361	(19,587)
Effect of fluctuations in exchange rates on cash		(49,141)	23,023
Cash – beginning of year		61,409	57,973
Cash – end of year		33,629	61,409

Refer to Note 15 for supplemental cash flow information

- See accompanying notes to the consolidated financial statements -

Capella Minerals Limited

Consolidated Statement of Changes in Shareholders Equity (Deficiency)

Expressed in Canadian Dollars

For the Year Ended May 31, 2025

	Share capital (Number of Shares)	Share capital (Amount)	Reserves – Warrants	Reserves – Options	Reserves- Foreign Currency Translation	Accumulated Deficit	Sub total	Non- controlling interests	Total
		\$	\$	\$	\$	\$	\$	\$	\$
May 31, 2023	32,535,032	22,643,814	442,554	2,023,667	(186,396)	(19,870,181)	5,053,458	126,075	5,179,533
Loss for the year	-	-	-	-	-	(5,746,150)	(5,746,150)	-	(5,746,150)
Issue of shares	6,962,500	1,253,250	-	-	-	-	1,253,250	-	1,253,250
Share issue costs	-	(120,552)	53,143	-	-	-	(67,409)	-	(67,409)
Share based payments	-	-	-	39,017	-	-	39,017	-	39,017
Foreign currency translation	-	-	-	-	108,980	-	108,980	-	108,980
Movement in non controlling interest	-	-	-	-	-	-	-	(22,833)	(22,833)
May 31, 2024	39,497,532	23,776,512	495,697	2,062,684	(77,416)	(25,616,331)	641,146	103,242	744,388
Loss for the year	-	-	-	-	-	(1,119,840)	(1,119,840)	-	(1,119,840)
Foreign currency translation	-	-	-	-	(8,814)	-	(8,814)	-	(8,814)
Movement in non controlling interest	-	-	-	-	-	-	-	(4,629)	(4,629)
May 31, 2025	39,497,532	23,776,512	495,697	2,062,684	(86,230)	(26,736,171)	(487,508)	98,613	(388,895)

- See accompanying notes to the consolidated financial statements –

Capella Minerals Limited
Consolidated Financial Statements
For the Year Ended May 31, 2025
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 metal projects to own, sell or joint venture with a current focus in Scandinavia, specifically copper(-cobalt-zinc) projects in central Norway and copper-gold projects in northern Finland.

During the year ended May 31, 2025, the Company consolidated its outstanding share capital on a six-for-one basis. The share consolidation has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

These consolidated financial statements for the year ended May 31, 2025, 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 \$26,736,171 at May 31, 2025, 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 currently does not have sufficient funds and must obtain additional funding to continue its operations .

There can be no assurances that management’s future plans for the Company will be successful. The Company requires 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 consolidated 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, 2025, were approved and authorized for issue by the Board of Directors on September 29, 2025.

Capella Minerals Limited
Consolidated Financial Statements
For the Year Ended May 31, 2025
Expressed in Canadian Dollars

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, 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.

Capella Minerals Limited
Consolidated Financial Statements
For the Year Ended May 31, 2025
Expressed in Canadian Dollars

2. Basis of Presentation- continued

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, 2025, have been adopted by the Company and there has been no material impact on adoption.

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

The amendments to IAS 1 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, an entity is required to disclose 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 have not had an impact on the classification of the Company's liabilities.

Standards issued but not yet effective

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.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

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 ("C\$").

Transactions in foreign currencies are initially recorded in the entity's functional currency at the exchange rate at the date of transaction. Monetary assets and liabilities of the entity that are denominated in foreign currencies are re-translated at the rate of exchange prevailing at the statement of financial position date. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in profit or loss.

Capella Minerals Limited
Consolidated Financial Statements
For the Year Ended May 31, 2025
Expressed in Canadian Dollars

3. Material Accounting Policy Information - continued)

a) Foreign Currencies - continued

Assets and liabilities of entities with functional currencies different from the presentation currency are translated into Canadian dollars using the report date closing exchange rate. Income and expenses are translated into Canadian dollars at the average exchange rate over the reporting period. Exchange differences are presented in other comprehensive income (loss) and recognized in the foreign currency translation reserve.

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 reserves- warrants.

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

e) Exploration and Evaluation Assets

Direct costs related to the acquisition and exploration of mineral properties held or controlled by the Company 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. When it is determined that such costs will be recovered through successful development and exploitation, expenditures are tested for impairment and then 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.

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.

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3. Material Accounting Policy Information – continued

e) Exploration and Evaluation Assets - continued

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 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.

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.

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3. Material Accounting Policy Information – continued

g) Income Taxes - continued

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

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

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

h) Environmental Rehabilitation

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

i) Financial Instruments

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

Financial assets

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

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

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

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

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

Impairment: An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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3. Material Accounting Policy Information – continued

i) Financial Instruments - continued

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 accounts payable, contractual obligation payable, deferred consideration payable and convertible promissory note.

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 loss and comprehensive 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.

k) Non-controlling interests

Non-controlling interests represents equity interests in subsidiaries owned by outside parties. Non-controlling interests are recorded at their proportionate share of the fair value of identifiable net assets acquired on initial recognition. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income (loss) and other comprehensive income (loss) is recognized directly in equity. The Company recognizes transactions with non-controlling interests as transactions with equity shareholders. Changes in the Company's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions

4. Receivables

	May 31, 2025	May 31, 2024
	\$	\$
HST/GST receivable	13,079	9,033
Other receivables	33	31
	13,112	9,064

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5. Accounts payable, accrued & other liabilities

	May 31, 2025	May 31, 2024
	\$	\$
Accounts payable & other liabilities	658,843	528,521
Accrued liabilities	777,568	442,596
	1,436,411	971,117

6. Financial Instruments

Categories of financial instruments

	May 31, 2025	May 31, 2024
	\$	\$
Financial assets		
Fair value through profit or loss ("FVTPL")		
Investments	201,831	449,150
Amortized Cost		
Cash	33,629	61,409
Receivables	13,112	9,064
	248,572	519,623
Financial liabilities		
Amortized cost		
Accounts payable, accrued & other liabilities	1,436,411	971,117
Contractual obligation payable	-	176,891
Deferred consideration payable	68,698	133,369
Convertible promissory note	233,019	214,116
Share subscriptions received in advance	105,600	
	1,843,728	1,495,493

During the year ended May 31, 2025, the Company:

- (i) Sold 1,000,000 Prospector Metals Corp Prospector ("Prospector") shares for gross proceeds of \$112,780 and incurred \$406 in fees recognizing a realized loss of \$72,625 (including cost of sale fees) on its shareholding during the year ending May 31, 2025. As at May 31, 2025, the Company recognized an unrealized loss of \$15,000.
- (ii) Sold a total of 553,170 Grit Metal Corp ("Grit Metals" previously European Energy) shares for gross proceeds of \$78,070 and incurred fees of \$250 recognizing a realized loss of \$57,735 in the year ending May 31, 2025. As at May 31, 2025, the Company had 696,830 Grit Metals shares valued at \$68,725 included in investments including a unrealized loss of \$3,088 in the year ending May 31, 2025. The Grit Metals shares held are subject to three staged periods which are removed starting September 18, 2024. The Company recognized a discount of \$39,600 on the shares held for lack of marketability due to the staged hold periods. The discount for lack of marketability is based on a Finnerty model for each of the three staged hold periods and will be removed as the hold periods are removed. The key inputs used in the model are the holding period and volatility over that period. The holding period was 4 months with a volatility of 125%. The Company unwound \$28,190 of recognized discount in the year ending May 31, 2025 as the first and second hold periods expired during the year. Subsequent to the year end, the Company sold a further 288,500 Grit Metals shares.
- (iii) Received 2,500,000 common shares (in addition to the 1,000,000 shares held at May 31, 2024) of Teako Minerals Corp ("Teako") valued at \$137,500 in relation to the Company's sale of its 90 % interest in the Lokken, Norway project. Refer to Note 7. The Teako shares are subject to three staged hold periods which are removed starting December 29, 2024. As at May 31, 2025 the shares were valued at \$133,106. The Company recognized a discount of \$20,625 on the shares held for lack of marketability due to the staged hold periods. The discount for lack of marketability is based on a Finnerty model for each of the three staged hold periods and will be removed as the hold periods are removed. The key inputs used in the model are the holding period and volatility over that period. The holding period was 4 months with a volatility of 125%. The Company unwound \$13,730 of recognized discount in the year ending May 31, 2025 as the first and second hold periods expired during the year. The Company recognized an unrealized loss of \$67,500 on its Teako shareholding during the year ending May 31, 2025.
- (iv) Received 2,265,000 Unico Silver Ltd. ("Unico") shares as a result of its sale of its interest in Sierra Blanca and immediately transferred 1,132,750 shares to Sandstorm Gold Limited ("SSL) in repayment of the balance owing on the contractual obligation. (Refer to Note 8 & 11 for further details). On September 25, 2024, the Company sold 1,132,750 Unico shares for gross proceeds of \$201,492 and incurred fees of \$43 and recognized a realized gain of \$21,079 in the year ending May 31, 2025.

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6. Financial Instruments (continued)

During the year ended May 31, 2024, the Company:

- (i) Received 1,000,000 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.
- (ii) Sold 100,000 grit Metals (previously "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.
- (iii) Received a further 150,000 shares valued at \$36,750 from Grit Metals (previously "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 the Finnerty 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.
received 1,000,000 common shares of 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, 2025	May 31, 2024
	\$	\$
Financial Assets		
Level 1		
Quoted shares	201,831	449,150

The carrying value of cash, receivables, and accounts payable, accrued and other liabilities, deferred consideration 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.

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

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6. Financial Instruments (continued)

May 31, 2025	Cash	Receivables	Accounts payable and accrued liabilities	Promissory Note	Deferred consideration payable
	\$	\$	\$	\$	\$
US dollars	222	-	(188,016)	(233,019)	(68,698)
Swedish kroner	-	-	(23,019)	-	-
Euro	25,043	2,364	(78,906)	-	-
Australian dollars	-	-	(133,310)	-	-
Norwegian kroner	645	-	(134,317)	-	-
Great Britain pounds	13	-	(11,060)	-	-

May 31, 2024	Cash	Receivables	Accounts payable and accrued liabilities	Promissory Note	Deferred consideration payable
	\$	\$	\$	\$	\$
US dollars	207	-	(122,609)	(214,116)	(133,369)
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	-	-	-	-

At May 31, 2025 with other variables unchanged a +/- 10% change in exchange rates would decrease/increase comprehensive loss by \$84,145 (2024: \$69,645).

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, 2025 and May 31, 2024 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, Finland and Norway. Management believes that the credit risk concentration with respect to receivables is limited.

The Company has a convertible promissory note with a rate of 8% per annum 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, 2025 the Company had cash of \$33,629 (May 31, 2024 - \$61,409) to settle current liabilities of \$1,843,728 (May 31, 2024 - \$1,495,493), \$68,698 being the current portion of deferred consideration payable to Cullen Resources (paid in full subsequent to the period end), a promissory note payable to related party of \$233,019 and \$105,600 relating to funds received in advance of the closing of the first tranche of the private placement (shares issued subsequent to the period end).

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6. Financial Instruments (continued)

7. 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.

8. 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, 2025 with other variables unchanged a +/- 10% change of the quoted equity investment value would result in a decrease/increase in pre-tax loss of \$22,014 (2024: \$48,875).

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7. Exploration and Evaluation Assets

	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, 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
Acquisition and tenure	38,000	-	73,520	-	118,241	-	-	-	-	229,761
Camp, travel, administration and other costs	-	-	-	-	9,518	-	-	-	-	9,518
Geologists and data collection	43,755	-	33,789	-	81,333	-	-	-	-	158,877
Sale of project	(503,650)	-	-	-	-	-	-	-	-	(503,650)
Provision for impairment /write down of exploration costs	(85,964)	-	-	-	-	(309,530)	-	-	-	(395,494)
Foreign exchange movement	4,209	-	2,588	-	54,801	-	-	-	-	61,598
Balance May 31, 2025	51,900	-	231,880	-	907,983	-	-	-	-	1,191,763

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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:

- 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 was 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 (completed). 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 1,000,000).

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 (USD 50,000 paid subsequent to the year extinguishing the balance in full).

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.

The Company wrote off \$309,530 in relation to the Katajavaara project in the year ended May 31, 2025.

Perho Lithium Reservation (Capella Initial 70% Interest)

On September 12, 2022, Capella applied (via Cullen Finland Oy) for a reservation of certain area covering a mineral property 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 profit or loss for the year ending May 31, 2024.

Euroolithium projects, Finland

The Company previously held a 100% interest in a portfolio of lithium-cesium-tantalum ("LCT") pegmatite and rare-earth element ("REE") reservations in central / southern Finland. 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 for \$302,743 for the year ended May 31, 2024.

Details of the loss on disposal are detailed below:

	\$
<i>Consideration consists of:</i>	
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)

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7. Exploration and Evaluation Assets (continued)

100% Capella (Norway)

Hessjøgruva, Norway

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 accounts for this as a farm in arrangement.

Vaddas-Birtavarre, Norway

The Company held a 100% interest in a series of exploration claims in the past-producing Vaddas-Birtavarre district of northern Norway.

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.

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 ("EMX") in 2020 and are subject to a 2.5% Net Smelter Royalty ("NSR") of which 0.5% may be acquired for USD 1,000,000.

On August 19, 2024 the Company executed a Definitive Acquisition Agreement (the "Agreement") with 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 received a combination of cash and common shares in Teako, 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.

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

Terms of the Agreement

Key terms of the Agreement under which Teako acquired a 90% interest in the Løkken project include:

- i) Capella received \$350,000 in cash and 2,500,000 common Teako shares
- 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 \$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 starting 30 September 2024.

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7. Exploration and Evaluation Assets (continued)

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.

Details of the loss on disposal are detailed below:

	\$
<i>Consideration consists of:</i>	
Cash	350,000
2,500,000 Teako shares @\$0.055	137,500
Less discount for restricted trading	(20,625)
Total consideration	466,875
Less carrying value	(503,650)
Loss on disposal	(36,775)

The Company will retain a 10% interest in the project.

As part of a rationalization of projects, the Company recorded a provision of impairment against its Kjølø project of \$2,552,519 in the year ending May 31, 2024. As a direct result of exploration activities determining limited upside potential, the Kjølø project was returned to EMX during the current reporting period.

Other

During the year ending May 31, 2025 the Company expensed \$27,078 (2024: \$34,092) in exploration costs in Norway and Sweden.

CANADIAN PROJECTS

Domain Project, Manitoba, Canada

The Domain Project consists of three mineral claims in northern Manitoba. The carrying value of the Domain Project was \$nil.

During the year ending May 31, 2025, the Company sold its interest in the Domain project for an upfront cash payment of \$44,400. An additional payment of \$148,000 is due to the Company upon the commencement of commercial production.

Savant Gold Project, Ontario, Canada

The Company held a 100% interest in certain claims known as the Savant Gold Project. On April 4, 2024, the Company entered in to a Property Acquisition Agreement with Prospector through which Prospector acquired a 100% interest in the Savant Gold Project.

Details of the loss on disposal are detailed below:

<i>Consideration consists of:</i>	\$
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)

The Company retains a 1% NSR on any potential future production from the property (with 0.5% being purchasable at any time for \$1,000,000).

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8. Contractual Obligation Payable

The Company had a contractual obligation payable 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, 2025	May 31, 2024
	\$	\$
Current	-	176,891
Non-current	-	-
	-	176,891

On May 21, 2024 the Company reached an agreement whereby Unico Silver Ltd. (“Unico”) acquired 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 transferred 50% of the sale proceeds to SSL in extinguishment of the remaining contractual obligation payable balance. The liability was extinguished on July 24, 2024 with the receipt of the Unico shares. Refer Note 11 for further details.

Reconciliation of movements are as follows:

	May 31, 2025	May 31, 2024
	\$	\$
Opening balance	176,891	159,712
Repayment	(180,371)	-
Interest	-	157
Revaluation	3,480	17,022
Closing balance	-	176,891

9. Deferred Consideration Payable

The Company recognised a deferred consideration payable of \$68,698 in relation to its acquisition from Cullen of its interest in the Katajavaara and Aakenus gold(-copper) projects.

	May 31, 2025	May 31, 2024
	\$	\$
Current	68,698	133,369
Non-current	-	-
	68,698	133,369

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 (\$72,411 paid in year ended May 31, 2025)

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

Reconciliation of movements are as follows:

	May 31, 2025	May 31, 2024
	\$	\$
Opening balance	133,369	223,064
Interest	3,009	11,004
Anniversary payment	(72,411)	(102,867)
Foreign exchange movements	4,731	2,168
Closing balance	68,698	133,369

During the year ended May 31, 2025, the Company paid \$72,411 (USD 50,000) in relation to the third anniversary payment with a further amount of \$68,198 (USD 50,000) paid subsequent to the year end with no further amounts required to be paid to Cullen.

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10. Convertible Promissory Note

	May 31, 2025	May 31, 2024
	\$	\$
Current	233,019	214,116
Non-current	-	-

On October 13, 2023 the Company entered into a convertible promissory note with a non-executive director for USD 150,000 (\$205,078) convertible at \$0.12 per share. 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. The promissory note holder has agreed to extend the maturity date to December 30, 2025. As a result of the extension, the convertible debentures were modified as a non-substantial modification, the Company determined the modification to be immaterial. 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, 2025.

An amount of \$17,638 (2024 - \$9,513) was recorded as interest expense on the promissory note during the year ending May 31, 2025.

Reconciliation of movements are as follows:

	May 31, 2025	May 31, 2024
	\$	\$
Opening balance	214,116	
Proceeds	-	205,078
Interest	17,638	9,513
Foreign exchange movements	1,265	(475)
Closing balance	233,019	214,116

11. Asset held for sale

The Company had 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.

The following table illustrates summarised financial information of the Company's investment in Sierra Blanca as at May 31, 2024.

	May 31, 2024
	\$
Current assets	1,378
Non-current assets	180,965
Current liabilities	(28,761)
Non-current liabilities	(6,431)
Equity	147,151
Company's share in equity 49% (2023: 49%)	72,104
Other comprehensive loss	(24,655)
Transfer to asset held for sale	(47,449)
Company's carrying amount of the investment	-
Administrative expenses	(100,243)
Company's share of loss for the year	(49,119)
Other comprehensive loss	24,655
Total comprehensive loss for the year	(24,464)

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11. Asset held for sale (continued)

On May 21, 2024, the Company reached an agreement whereby Unico would 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 with the receipt of 2,265,000 Unico shares.

As a result of this sale agreement with Unico, the Company agreed to transfer 50% of the sale proceeds (1,132,750 Unico share) to SSL in extinguishment of the remaining contractual obligation payable balance. The liability was extinguished on July 24, 2024 with the receipt and subsequent transfer of the Unico shares. Refer to Notes 6 & 8 for further details.

Details of the gain on disposal are detailed below:

	<u>\$</u>
<i>Consideration consists of:</i>	
2,265,000 Unico shares @ \$0.16	360,741
Total consideration	360,741
Less carrying value	(47,449)
Gain on disposal	313,292

12. Share Capital and Reserves

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

Share issuances

- a) On November 9, 2023, the Company completed a private placement consisting of 6,962,500 units at \$0.18 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 \$0.36 per share at any time until expiry, November 9, 2025. The Company paid finders fees of \$67,409 in cash and issued a total 452,778 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 \$0.90) for 10 consecutive trading days.
- b) The Company received \$105,600 in advance of the closing of the private placement on July 24, 2025. Refer to Note 21 for details.

- (ii) Stock options

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

- a) Movements in stock options during the year:

	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 2023	1,840,833	\$0.81
Expired/cancelled/forfeited	(1,174,166)	\$0.93
Balance May 31, 2024	666,667	\$0.60
Expired	(666,667)	0.60
Balance May 31, 2025	-	-

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12. Share Capital and Reserves (continued)

b) Fair value of options granted

The Company did not issue any stock options during the years ended May 31, 2025 and 2024.

(iii) Share purchase warrants

a) Movements in warrants during the year:

	Warrants Outstanding	Weighted Average Exercise Price
Balance, May 31, 2023	12,830,821	\$0.72
Expired	(10,426,377)	\$0.72
Issued	3,934,028	\$0.36
Balance May 31 2024	6,338,472	\$0.50
Expired	(2,404,444)	\$0.72
Balance May 31, 2025	3,934,028	\$0.36

b) Fair value of finders' warrants issued

On November 9, 2023, the Company issued 452,778 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

13. 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, 2025 \$	May 31, 2024 \$
Management fees	400,920	398,733
Share-based payments	-	18,533

b) Related party balances recorded in current liabilities

	May 31, 2025 \$	May 31, 2024 \$
Glen Parsons- Non-executive director	75,647	47,733
Perihelion Inc. – Mary Little - Non-executive director	328,443	261,849
Eric Roth - CEO	291,395	174,679
Genco Professional Services- S Cooper – CFO	133,812	78,011
Marketworks Inc. – Kathryn Witter Company Secretary	66,200	26,400

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13. 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:

		May 31, 2025	May 31, 2024
		\$	\$
Salaries/Exploration/Consulting	(i)	400,920	398,733
Share based payments		-	18,533

- (i) Key management were not paid post-employment benefits or other long-term benefits during the year ended May 31, 2025, and May 31, 2024.

- d) Other

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:

- On October 13, 2023, the Company entered into a convertible promissory note with a non-executive director for USD150,000 (\$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. The promissory note holder has agreed to extend the maturity date to December 31, 2025. Interest of \$17,638 (2024 - \$9,513) has been recorded in the year ended May 31, 2025.
- the Company had a contractual obligation payable balance to SSL (related by way of a common director) which was extinguished during the year. Refer to Note 8 for further details.

14. 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, 2025	May 31, 2024
	\$	\$
Total non-current long-lived assets		
Norway	283,780	677,533
Finland	907,983	953,620
	1,191,763	1,631,153

15. Supplemental Cash Flow Information

	May 31, 2025	May 31, 2024
	\$	\$
Changes in non-cash working capital		
Movement in receivables	(4,048)	31,648
Movement in prepaid expenses	26,382	1,775
Movement in accounts payable and accrued liabilities	369,194	373,588
	391,528	407,047

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15. Supplemental Cash Flow Information (continued)

	May 31, 2025	May 31, 2024
	\$	\$
Schedule of non-cash investing and financing transactions:		
Exploration and evaluation expenditures included in accounts payable	416,481	332,234
Exploration and evaluation expenditures included in prepayments	5,224	-
Interest	17,638	-
Deferred consideration payable interest	3,009	-
Shares received – Unico	360,741	-
Shares received – Teako minerals	116,875	40,000
Realized revaluation movement of financial asset	109,281	-
Unrealised movement of financial assets	43,668	-
Repayment of contractual obligation payable	180,371	-
Depreciation included in exploration and evaluation expenditures	770	826
Shares received – Eurolithium agreement	-	224,400
Shares received – Savant option agreement	-	170,000
Finders warrants issued	-	53,143
Exploration and evaluation expenditures in prepayments	-	5,224
	May 31, 2025	May 31, 2024
	\$	\$
Supplementary disclosure of cash flow information:		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

16. 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 as well as receiving funds under potential joint venture transactions over the Company's assets. In the management of capital, the Company includes the components of shareholders' equity (deficiency).

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.

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17. Income Taxes

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

	May 31, 2025	May 31, 2024
	\$	\$
Loss before taxes	(1,119,840)	(5,746,150)
Expected income tax (recovery)/expense	(302,000)	(1,551,000)
Changes in statutory and foreign exchange rates	17,000	(41,000)
Non-deductible expenditures/(revenues)	165,000	1,321,000
Adjustment to prior years provision versus statutory tax return	99,000	-
Change in unrecognized deductible temporary differences and other	-	271,000
	21,000	
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:

	2025	Expiry dates	2024
	\$		\$
Share issue costs	72,000	2046 to 2048	128,000
Allowable capital losses	233,000	No expiry	172,000
Non-capital losses	7,831,000	2026 to 2045	6,658,000
Property and equipment	6,000	No expiry	8,000
Investment tax credits	1,000	No expiry	-
Foreign exchange	13,000	No expiry	-
Mineral properties	92,000	No expiry	1,238,000
Marketable securities	146,000	No expiry	75,000
	8,394,000		8,279,000

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

18. Non-controlling interest

	May 31, 2025	May 31, 2024
	\$	\$
Non-controlling interest in subsidiary- Cullen Finland Oy	98,613	103,242
<i>Assets and liabilities of subsidiary</i>		
Current assets	27,092	24,555
Non-current assets	966,896	746,004
Current liabilities	(78,906)	(11,402)
Non-current liabilities	-	(415,017)
Net assets	915,082	344,140
Non-controlling interest (30%)	98,613	103,242
Loss for the year	20,217	78,493
Other comprehensive loss for the year	(4,790)	(2,381)
Total other comprehensive loss	15,427	76,112
Non-controlling interest share (30%)	4,629	22,833

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19. Equipment

	Office equipment	Accumulated depreciation	TOTAL
	\$	\$	\$
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
Depreciation	-	(770)	(770)
Foreign exchange movements	93	(99)	(6)
May 31, 2025	2,563	(2,563)	-

20. Commitments and Contingencies

As part of the Teako agreement for the Lokken project 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 \$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:

- 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.
- 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 1,000,000).

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

- 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.

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.

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21. Subsequent events

Subsequent to May 31, 2025 the Company:

- (i) Sold 288,500 Grit Metals shares for net proceeds of \$28,715.
- (ii) Paid a further amount of \$68,198 (USD 50,000) to Cullen in relation to the third anniversary payment of the deferred consideration payable. The Company has no further payments to make to Cullen.
- (iii) Signed a Definitive Agreement with Turkish mining company, Tümad Madencilik Sanayi Ve Ticaret A.S. ("Tümad"), with respect to a staged earn-in proposal for the Company's portfolio of precious and base metal projects in Northern Finland and Norway. The Definitive Agreement contemplates an on-signing cash payment to Capella and mandatory Year 1 work commitments - including the completion of up to 4,000m of drilling on the Northern Finland project and up to 8,000m of drilling on the Norwegian projects for a 30% interest in Capella's holding in the respective project. After the completion of Year 1, Tümad retains the option to either continue investing in exploration (and thereby increasing its interest in the respective project(s)) or reverting to a Net Smelter Royalty (NSR) on projects in each country that it decides not to continue with.
- (iv) Issued 2,112,000 shares and 1,056,000 share purchase warrants in relation to the closing of a private placement. As at May 31, 2025, the Company received \$105,600 in share subscriptions.