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

MANAGEMENT DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended February 28, 2022

Contact Person	**Eric Roth**
Contact's Position	**President & C.E.O.**
Contact's Telephone Number	**604-563-4807**
Date of the Report	**April 27, 2022**
E-Mail Address	**Info@capellaminerals.com**
Website	**www.capellaminerals.com**

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

The following Management's Discussion and Analysis ("MD&A") of the Company has been prepared as of April 27, 2022 and is intended to supplement and complement the Company's audited consolidated financial statements for the years ended May 31, 2021 and May 31, 2020 (the "Annual Financial Statements") and should be read in conjunction with the Annual Financial Statements, together with the notes thereto. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

NATURE OF BUSINESS

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

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

The Company's primary stock exchange listing is on the TSX Venture Exchange ("TSXV"), where it trades under the symbol "CMIL". The Company also has secondary listings on the United States OTCQB, where it trades under the symbol "CMILF", and also on the Frankfurt Stock Exchange, where it trades under the symbol "N7D2".

HIGHLIGHTS AND DEVELOPMENTS FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2022 AND TO THE DATE OF THIS REPORT

Projects

Advanced-Stage Hessjøgruva Copper Project Acquisition (Kjøli District, Norway; 100% Capella)

- On April 6, 2022, the Company announced that it had signed an Exploration and Exploitation Agreement with Hessjøgruva AS for the acquisition of a 100% interest in the advanced exploration-stage Hessjøgruva Copper-Zinc-Cobalt ("Cu-Zn-Co") massive sulfide ("VMS") project in central Norway. The Hessjøgruva project is located approximately 20km SW of the Company's 100%-owned Kjøli Cu-Zn-Co project, and has a current mineral inventory (non-Canadian National Instrument NI 43-101 compliant mineral resource) of 3MT @ 1.7% Cu + 1.4% Zn[1,2] (or 2.2% Cu equivalent[3]) based on a total of 12,139m / 68 holes of historical diamond drilling.
- The Hessjøgruva acquisition provides Capella with a cornerstone, advanced-stage copper(-zinc-cobalt) project in the broader Kjøli district. The Company's initial priority at Hessjøgruva will be to undertake the work required to declare a Canadian National Instrument 43-101 ("NI 43-101") compliant mineral resource for the project, followed by further infill / step-out drilling and the initiation of development-stage studies required for an initial Preliminary Economic Assessment (PEA").

Kjøli and Løkken Copper Projects (Norway; 100% Capella)

- Drill targeting at the Kjøli Copper-Zinc-Cobalt VMS Project was completed and resulted in the definition of up to 25 drill hole locations in four priority target areas. The four priority target areas are: the former Kjøli Mine, Grønskard, and Guldalsgruva targets, all of which are located along the main 20km-long prospective horizon for VMS deposits, and ii) Kjøli Deeps, a large (>2km strike length), deep (>350m depth) electromagnetic conductor which is interpreted by the Company to represent a buried massive sulfide body underlying the old Kjøli Mine. Approvals were subsequently received from the Norwegian Mining Directorate ("Dirmin") for the execution of up to 4,000m of diamond drilling in 25 holes, in addition to offroad permits from the local Holtälen and Tydal municipalities. Extra heavy snowfalls which affected the Kjøli area during the permitting process also required the Company to apply for an additional authorization to allow helicopter support of the drill program.

- Summer and autumn 2021 field activities completed at the Kjøli project included systematic soil sampling (2,800 samples) and ground geophysics (gravity survey) programs undertaken along the 20km strike length of prospective stratigraphy for the discovery of new copper-rich massive sulfide deposits. These latest results were combined with previous results obtained from the CARDS AI/Data Mining target generation work, and allowed for the definition of the 25 priority drill sites.
- At the Løkken Project, work plans have been submitted to local authorities for final drillhole targeting on the 5 priority areas identified in the Løkken district: Amot, Hoydal, Grefstofjellet, Dragset, and Western Area. These five areas were the highest ranked based on both results derived from the 2021 summer field season (in which 24 satellite bodies to the main Løkken mine were evaluated) together with the incorporation of historical geophysical and geological data. This final work program is expected to commence in early June, 2022, and will consist of geochemical (Ionic Leach) sampling over the main target areas. Permitting for the drill testing of priority targets will be undertaken in parallel, with specific drill collar locations to be finalized as soon as the geochemical results have been received. Accordingly, a maiden core drilling program is currently expected to be undertaken at Løkken during H2, 2022.

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

- On April 1, 2022, Capella completed a high-resolution drone magnetic survey covering the combined (200 square kilometer) Katajavaara-Aakenus project area. The survey was completed by local contractor Radai Ltd. Detailed interpretation of this magnetic data is now in progress, with results to be incorporated into targeting activities designed to prioritize areas for detailed follow-up evaluation.
- On December 7, 2021, the Company provided an overview of the general geological setting of the Katajavaara and Aakenus projects, together with an overview of the 5 main gold and/or copper target areas identified to date. Priority areas for additional work included potential extensions to Outokumpu Oy's former Saattopora gold-copper mining operation, and the Killero area where highly-anomalous copper and gold Bottom of Till ("BoT") sample values were returned from historical drilling by AngloAmerican plc.
- On August 24, 2021, the Company announced that it had signed a binding Letter of Intent ("LOI") with Cullen Resources Ltd (ASX: CUL)("Cullen") through which Capella may earn-in to Cullen's Katajavaara and Aakenus gold-copper projects in the highly-prospective Central Lapland Greenstone Belt of northern Finland. TSXV approval for the Cullen agreement was received on September 7, 2021. The Company has now earned-in to an initial 70% direct interest in Cullen's Finnish subsidiary, Cullen Finland Oy.

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

- Reconnaissance exploration activities are ongoing within the Southern Gold Line project, with the priority continuing to be the vectoring-in to potential source areas for the gold mineralized boulders identified on surface within the southernmost Rötjärnen claim blocks.
- Capella and Dragon Mining Limited ("Dragon"; HK: 1712) have been awarded (by the Swedish Mining Bureau) joint ownership of a new exploration claim that was simultaneously staked by both companies along the southern extension to Dragon's Fäboliden development project. Given the practical difficulties of two companies exploring the same area, Capella and Dragon are currently evaluating the possibility of establishing a Joint Venture over this newly-staked area. The Fäboliden project is currently in the final stages of environmental permitting for mine development, with mined ore from Fäboliden expected to be trucked to Dragon's nearby plant at Svartliden for processing.
- A detailed structural interpretation of the Southern Gold Line project, utilizing available regional geophysical and geological data, was completed by consulting structural geologist Brett Davis. The study has successfully identified high-priority areas within the Southern Gold Line district for further work including high-resolution drone magnetic surveys. Permits have now been received for the flying of staged drone magnetic surveys during 2022.

Canadian Gold Joint Venture ("JV") Projects (Savant Lake, Domain)

- **Savant Lake Gold JV Project:** Capella's Savant Lake Gold Project is subject to an earn-in agreement in which Prospector Metals Corp. (TSXV: PPP) (formerly Ethos Gold Corp.; TSXV: ECC) may earn-in to a 70% interest in the project in return for completing CAD 2M of work commitments before November, 2024, in addition to making staged cash and share payments to Capella. Work completed to date by Prospector includes a high-resolution helicopter magnetic survey over the core project area, together with a comprehensive analysis of historical data for the project. Prospector announced on April 11, 2022, that a multi-year exploration permit had been issued for Savant Lake, and that field crews are expected to be mobilized to site in early-May in order to conduct property-wide prospecting and ground truthing of key target areas. Prospector expects initial core drilling of priority gold targets to begin during Q3, 2022.

- **Domain Gold JV:** Project operator Yamana Gold Inc. (TSX: YRI; "Yamana") continues to focus on Community Relations activities and work supporting an eventual exploration permit application (including a Stage 1 archaeological assessment, with permits being applied for those areas not requiring a more detailed Stage 2 assessment). Pending receipt of the permit, follow-up diamond drilling is expected to be initiated. The Domain JV claims cover an area of 576 hectares in which 62 holes / 9,660m of historic drilling have been completed (and successfully delineated significant high-grade, iron formation-hosted gold mineralization). Domain is a participating 70.4%-29.6% JV between Yamana and Capella in which future work programs would be funded on a pro-rata basis.

Argentine Project Divestitures (Sierra Blanca & Minera Mariana)

- **Sierra Blanca:** On December 10, 2021, the Company announced that Austral Gold Limited (ASX: AGD; TSX: AGLD; "Austral") had successfully completed the "Tranche 1" exploration investment required to earn-in to a 51% interest in the Company's former Argentine subsidiary Sierra Blanca SA ("SBSA"). SBSA's sole asset is the high-grade Sierra Blanca gold-silver project in Santa Cruz Province. The "Tranche 1" investment included a cash payment to Capella on signing and a USD 100,000 investment in exploration at the Sierra Blanca project within 12 months.

- Austral currently retains the right to earn-in to a further 29% interest in SBSA (80% total) in return for completing a further USD 600,000 in work commitments prior to September, 2023 (the "Tranche 2" investment). Subsequently, Austral will retain an option to acquire the remaining 20% in SBSA in return for further cash payments to Capella and work commitments at Sierra Blanca (see Company News Release dated April 1, 2020, and notes in the Annual Financial Statements). Austral's 2022 exploration program will focus on the finalization of drill targeting at Sierra Blanca, with initial core drilling (minimum of 2,000m as per the underlying agreement) currently expected to be undertaken during H1, 2023.

- **Minera Mariana:** Final closing of the transaction to sell Capella's former 100%-owned Argentine subsidiary Minera Mariana SA to Cerrado Gold Inc (TSX:CERT; "Cerrado") occurred on January 22, 2021, and the Company received 833,334 common shares of Cerrado in recognition of the sale. On November 10, 2021, the Company announced that the 833,334 CERT shares had been sold for proceeds totalling CAD 1.2M.

[1] Geological Survey of Norway Report 2007.023; The Hersjø ore deposit, evaluation of ore potential.

[2] Reader is also referred to "Disclosure Relating to Historical Estimate" section in Company News Release dated April 6, 2022.

[3] Copper equivalent grades have been calculated using 2022 Year-to-Date average copper and zinc prices of USD 9,900/T and USD 3,700/T, respectively, with no adjustment having been made for metallurgical recovery as these are unknown at this time (metal price data: London Metal Exchange, www.lme.com).

Corporate Developments

- **Ethos Gold Corp. Shareholding:** Ethos Gold announced on April 6, 2022, the completion of a 3:1 share consolidation and a name change to Prospector Metals Corp (TSXV: PPP). As a result, Capella's existing 3 million share holding in Ethos Gold has been converted to 1 million Prospector Metals shares. The terms of future share payments to Capella as part of the Savant Lake earn-in agreement have also been modified to reflect both the share consolidation and name change.

- **OTCQB Listing:** On March 22, 2022, the Company announced that OTC Markets Group had approved the Company's upgrade from its existing OTC Pink market listing to an OTCQB® Venture Market

("OTCQB") listing, effective March 22, 2022. The Company also advised that its OTC ticker symbol had changed from "NWDMF" to "CMILF".

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

OUTLOOK

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

The Company expects to continue managing and advancing exploration activities on its three Norwegian copper projects (the resource-stage Hessjøgruva project and drill-stage Kjøli and Løkken projects), the Southern Gold Line project in Sweden, and the Katajavaara-Aakenus projects in Finland. Joint Venture partners will continue to manage work programs at both the Savant Lake and Domain projects in Canada.

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

EXPLORATION ASSETS AND ACTIVITIES

SCANDINAVIAN PROJECTS

Capella´s Scandinavian project portfolio currently consists of 6 high-grade copper and gold assets:

- **Hessjøgruva** copper(-zinc-cobalt) project in central Norway
  - 100% interest acquired from Hessjøgruva AS on April 6, 2022;
- **Kjøli** and **Løkken** copper(-zinc-cobalt) projects in central Norway

    - 100% interests acquired from EMX Royalty Corp. (TSX: EMX; NYSE American: EMX) in late-2020;
- **Katajavaara** and **Aakenus** gold-copper projects in Finland
    - Initial 70% interest acquired from Cullen Resources Limited (ASX: CUL) on August 24, 2021.
- **Southern Gold Line** gold project in northern Sweden
    - 100% interest acquired from EMX Royalty Corp. in late-2020

Advanced-Stage Hessjøgruva Copper Project Acquisition (Kjøli District, Norway; 100% Capella)

On April 6, 2022, the Company announced that it had signed an Exploration and Exploitation Agreement ("EEA") with Hessjøgruva AS for the acquisition of a 100% interest in the advanced-stage Hessjøgruva Copper-Zinc-Cobalt ("Cu-Zn-Co") project in central Norway. The Hessjøgruva project is located approximately 20km SW of the Company's 100%-owned Kjøli Cu-Zn-Co project, and has a current mineral inventory (non-Canadian National Instrument NI 43-101 compliant mineral resource) of 3MT @ 1.7% Cu + 1.4% Zn[1,2] (or 2.2% Cu equivalent[3]) based on a total of 12,139m / 68 holes of historical diamond drilling.

The Cu-Zn-Co mineralization at Hessjøgruva is massive-sulfide ("VMS")-type, identical to the mineralization type being targeted at Kjøli. The Hessjøgruva mineralization occurs primarily in three lenses (A-C, with Lens A hosting most of the high-grade mineralization; Figures 2-4), all of which extend from surface to >400m vertically below surface and all remain open down-dip. Mineralization is dominated by chalcopyrite, pyrite/pyrrhotite, and sphalerite, with Cu content observed to increase with depth in the deposit.

The average thickness of the highest-grade Lens A is approximately 10m[1], with the thickest and highest-grade intercept reported from the historical drilling being **14.5m @ 4.35% Cu + 1.3% Zn (**or **4.8% Cu equivalent[2])** (approximate true thickness) from 455.5m to 470m downhole in DDH-312. This Cu-Zn-Co mineralization remains open down dip.

The Hessjøgruva acquisition provides Capella with a cornerstone, advanced-stage copper project in the broader Kjøli district. The Company's initial focus at Hessjøgruva will be to undertake the work required to declare an NI 43-101 compliant mineral resource for the project, followed by further infill / step-out drilling and the initiation of development-stage studies required for an initial Preliminary Economic Assessment (PEA").

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

Kjøli Copper Project, Norway (100% Capella)

Drill targeting at the Kjøli Copper-Zinc-Cobalt VMS Project was completed and resulted in the definition of up to 25 drill hole locations in four priority target areas. The four priority target areas are: the former Kjøli Mine, Grønskard, and Guldalsgruva targets, all of which are located along the main, 20km-long prospective horizon for VMS deposits, and ii) Kjøli Deeps, a large (>2km strike length), deep (>350m depth) electromagnetic conductor which is interpreted by the Company to represent a buried massive sulfide body underlying the old Kjøli Mine. Approvals were subsequently received from the Norwegian Mining Directorate ("Dirmin") for the execution of up to 4,000m of diamond drilling in 25 holes, in addition to offroad permits from the local Holtälen and Tydal municipalities. Extra heavy snowfalls which affected the Kjøli area during the permitting process also required the Company to apply for an additional authorization to allow helicopter support of the drill program.

Summer and autumn 2021 field activities completed at the Kjøli project included systematic soil sampling (2,800 samples) and ground geophysics (gravity survey) programs undertaken along the 20km strike length of prospective stratigraphy for the discovery of new copper-rich massive sulfide deposits. These latest results were combined with previous results obtained from the CARDS AI/Data Mining target generation work, and allowed for the definition of the 25 priority drill sites.

The Kjøli high-grade copper project cover a total area of 246km^2 and is located within the northern extension of the Røros mining district, which saw copper production from a number of high-grade massive sulfide (VMS) deposits from the mid-1600's until low copper prices in the mid-1980's resulted in their closures. Kjøli represents a brownfields/greenfields exploration project covering the former Kjøli and Killingdal copper mines, together with approximately 20km strike of underexplored but highly prospective stratigraphy for the discovery of new copper-rich VMS deposits. Historical copper grades from the Kjøli mine were reported to be 2.9% Cu[4].

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

Løkken Copper Project, Norway (100% Capella)

Work plans have been submitted to local authorities for final drillhole targeting on 5 priority areas in the Løkken district: Amot, Hoydal, Grefstofjellet, Dragset, and Western Area. These five areas were highest ranked on the basis of both results derived from the 2021 summer field season (in which 24 satellite bodies to the main Løkken mine were reviewed) together with the incorporation of historical geophysical and geological data. This work program is expected to commence in early-June, 2022, and will consist of geochemical (Ionic Leach) sampling over the main target areas. Permitting for the drill testing of priority targets will also be undertaken in parallel, with specific drill collar locations to be finalized as soon as the geochemical results have been received. Accordingly, a maiden core drilling program is currently expected to be undertaken at Løkken during H2, 2022.

The Løkken high-grade copper project is located 50km SW of the regional centre of Trondheim and covers an area of 210 km^2. The Løkken claim block surrounds the former Løkken underground mine (which closed in 1987 in response to low copper prices), and covers associated historical mineral processing facilities, plus multiple satellite bodies of mineralization with varying degrees of development. Løkken is considered to be the largest ophiolite-hosted Cyprus-type VMS deposit by tonnage, having produced an estimated 24Mt @ 2.3% Cu and 1.8% Zn (plus silver and gold credits)[5].

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

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

The Katajavaara and Aakenus projects are located within the highly-prospective Central Lapland Greenstone Belt ("CLGB") of northern Finland. The projects lie immediately adjacent to the Sirkka Thrust Zone, a regional structural corridor within the CLGB which is associated with numerous occurrences of both gold and base metals.

On April 1, 2022, Capella completed a high-resolution drone magnetic survey covering the combined (200 square kilometer) Katajavaara-Aakenus project area. The survey was completed by local contractor Radai Ltd. Detailed interpretation of this magnetic data is now in progress, with results to be incorporated into targeting activities designed to prioritize areas for detailed follow-up evaluation.

On December 7, 2021, the Company provided an overview of the general geological setting of the Katajavaara and Aakenus projects, together with an overview of the 5 main gold and/or copper target areas identified to date. Priority areas for additional work included potential extensions to Outokumpu's former Saattopora gold-copper mining operation, and the Killero area where highly-anomalous copper and gold Bottom of Till ("BoT") sample values were returned from historical drilling by AngloAmerican plc.

The Company announced on August 24, 2021, that it had signed a binding LOI with Cullen Resources Ltd ("Cullen") through which Capella may earn-in to Cullen's Katajavaara and Aakenus gold(-copper) projects in the highly-prospective Central Lapland Greenstone Belt ("CLGB") of northern Finland.

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

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

Southern Gold Line, Sweden (100% Capella)

Reconnaissance exploration activities are ongoing within the Southern Gold Line project, with the priority continuing to be the vectoring-in to potential source areas for the gold mineralized boulders identified on surface in the southernmost Rötjärnen claim blocks.

Capella and Dragon Mining Limited ("Dragon"; HK: 1712) have been awarded (by the Swedish Mining Bureau) joint ownership of a new exploration claim that was simultaneously staked by both companies along the southern extension to Dragon's Fäboliden development project. Given the practical difficulties of two companies exploring the same area, Capella and Dragon are currently evaluating the possibility of establishing a Joint Venture over this newly-staked area. Dragon's Fäboliden development project is currently in the final stages of environmental permitting for mine development, with the current mine design contemplating the trucking of ore to Dragon's nearby plant at Svartliden for processing.

A detailed structural interpretation of the Southern Gold Line project, utilizing available regional geophysical and geological data, was completed by consulting structural geologist Brett Davis. The study has successfully identified high-priority areas within the Southern Gold Line district for further work (including the undertaking of high-resolution drone magnetic surveys). Permits have now been received for the flying of staged drone magnetic surveys during 2022.

CANADA

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

Capella's Savant Lake Gold Project is subject to an earn-in agreement through which Prospector Metals Corp. (TSXV: PPP) (formerly Ethos Gold Corp.; TSXV: ECC) may earn-in to a 70% interest in the project in return for completing CAD 2M of work commitments before November, 2024, in addition to making staged cash and share payments to Capella. The Savant Lake Gold Project is a district-scale (229 square km) project with at least 6 known iron formation-hosted gold targets (all hosted within 60km of cumulative strike length of under-explored iron formation), 2 shear zone-hosted gold targets, plus additional VMS (base metal-rich) targets hosted in bimodal volcanic rocks located on the eastern and southwestern margins of the property.

Work completed to date by Prospector at Savant Lake includes a high-resolution helicopter magnetic survey over the core project area, together with a comprehensive analysis of historical data for the project.

On April 11, 2022, Prospector announced that a multi-year exploration permit had successfully been issued for Savant Lake. Prospector also reported that it expects to mobilize field crews to site for follow-up field work in early-May, 2022 (in order to conduct property-wide prospecting and ground truthing of target areas), with core drilling of priority gold targets expected to begin during Q3, 2022.

The terms of the original Ethos/Prospector earn-in agreement were modified on September 16, 2021, in order to accommodate some delays with accessing parts of the Savant Lake project area. Revised terms of the earn-in agreement are detailed below:

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

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

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

At the date of this report, Capella owns 1,000,000 Prospector shares (corresponding to the on-signing share payment, plus the share payment which fell due in September, 2021).

The Savant Lake Project is located within the Archean-age Savant Lake-Sturgeon Lake greenstone belt, approximately 240 km NW of Thunder Bay and 240 km S of Newmont's operating Musselwhite mine[6] (Proven and Probable Reserves at December 31, 2020: 8.9 MT @ 6.25 g/t Au for 1.79 Moz Au[7]). The Company's mineral claims in the Savant Lake area total 229 square kilometres and cover meta-volcanic and meta-sedimentary rock sequences which are prospective for both iron formation- ("Musselwhite-type") and shear zone-hosted gold deposits, in addition to base metal-rich (copper-zinc-gold) VMS deposits. The underlying vendors of the Savant Lake property retain a 2% Net Smelter Royalty ("NSR") on future metal production from the Project; one half (1%) of this NSR may be acquired for $1 million.

[6] Mineralization hosted on adjacent and nearby properties is not necessarily indicative of mineralization that may be hosted on the Company's Savant Lake project.
[7] Source: Newmont Corporation Reserve and Resource Statement: February 10, 2021.

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

Project operator Yamana Gold Inc (TSX: YRI; "Yamana") continues to focus on Community Relations activities and work supporting an eventual exploration permit application (including a Stage 1 archaeological assessment, with permits being applied for those areas not requiring a more detailed Stage 2 assessment). Pending receipt of the permit, follow-up diamond drilling is expected to be initiated. An exploration agreement with the Bunibonibee Cree Nation was previously signed in 2020.Domain is a participating 70.4%-29.6% JV between Yamana and Capella in which future work programs would be funded on a pro-rata basis.

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

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

Qualified Persons and Disclosure Statement

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

Exploration and Evaluation Expenditures

	Southern Gold Line, Sweden	Løkken, Norway	Kjøli, Norway	Aakenus, Finland	Katjavaara, Finland	Las Calandrias Santa Cruz, Argentina	Los Cisnes, Santa Cruz Argentina	Sierra Blanca, Santa Cruz, Argentina	Savant Lake, Ontario, Canada	Total
	$	$	$	$	$	$	$	$	$	$
Balance May 31, 2020	-	-	-	-	-	-	**-**	**166,667**	**1,334,924**	**1,501,591**
Camp, travel, administration and other costs	-	-	-	-	-	34,799	7,766	-	3,179	45,744
Geologists and data collection	-	-	-	-	-	26,371	-	-	-	26,371
Farm out recoveries	-	-	-	-	-	-	-	-	(430,000)	(430,000)
Provision against exploration and evaluation costs	-	-	-	-	-	(61,170)	(7,766)	-	-	(468,936)
Sale of subsidiary	-	-	-	-	-			(166,667)	-	(166,667)
Balance February 28, 2021	-	-	-			-	**-**	**-**	**908,103**	**908,103**
Acquisition and tenure	584,553	620,897	629,394	-	-	-	-	-	-	1,834,844
Camp, travel, administration and other costs	46,499	75,956	-	-	-	-	-	-	-	122,455
Geologists and data collection	24,958	76,249	128,639	-	-	-	-	-	-	229,846
Drilling and assay costs	3,514	31,491	-	-	-	-	-	-	-	35,005
Balance May 31, 2021	**659,524**	**804,593**	**758,033**	**-**	**-**	**-**	**-**	**-**	**908,103**	**3,130,253**
Acquisition and tenure	46,426	90,531	72,008	264,413	264,413	-	-	-	-	737,791
Camp, travel, administration	175,209	41,688	47,753	7,285	7,285	-	-	-	-	
and other costs										279,220
Geologists and data collection	149,992	202,538	286,998	47,546	47,546	-	-	-	-	734,620
Drilling and assay costs	-	12,447	-	-	-	-	-	-	-	12,447
Foreign exchange movement	(21,673)	(3,313)	(834)	(4,009)	(4,009)	-	-	-	-	(33,838)
Balance February 28, 2022	**1,009,478**	**1,148,484**	**1,163,958**	**315,235**	**315,235**	**-**	**-**	**-**	**908,103**	**4,860,493**

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

OVERALL PERFORMANCE

During the nine months ended February 28, 2022, the Company incurred a loss of $553,114 (February 28, 2021 gain: $1,400,494). This loss was due predominantly to the loss of $163,113 recognised on the sale of financial assets held, shareholder information and meetings cost of $135,477, share based payments expense of $178,317 and general and administrative expenses incurred of $328,959 offset by an unrealized gain of $370,000 on the balance of financial assets held.

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

FINANCIAL POSITION

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

	February 28, 2022 $	May 31, 2021 $	May 31, 2020 $
Current assets	752,032	1,273,900	86,576
Non-current assets	5,790,143	5,104,626	1,501,591
Current liabilities	(368,270)	(211,675)	(2,701,409)
Non-current liabilities	(441,222)	(169,118)	(797,848)
Shareholders' equity (deficiency)	**5,732,683**	**5,997,733**	**(1,911,090)**

Included in current assets at February 28, 2022 is cash of $586,417 receivables of $41,827 and prepaid expenses of $123,788. The increase in current assets in the current period is due mainly to the receipt of C$1.2m of funds following the sale of securities held in Cerrado with funds being used to undertake exploration activities at the Company's Swedish and Norwegian interests and payment of corporate costs incurred to support the Company's operations.

The non-current assets balance has increased by $685,517 due to exploration and evaluation expenditures of $1,764,078 recorded at its exploration programs at projects located in Sweden, Norway and Finland. This balance has also been impacted by an increase of $370,000 in the fair value of the Company's remaining quoted equity shares held at February 28, 2022. These increases were offset by a decrease in financial assets held, due to the sale during the period of the 833,334 Cerrado shares held. The balance of financial assets will fluctuate from period to period due to the revaluation of the investment each reporting period.

Current liabilities of the Company include accruals and accounts payable totalling $264,659. These balances can fluctuate from period to period depending on the level of exploration activity and corporate activities undertaken by the Company. This balance has increased from the prior period due to continued exploration activities resulting in increased creditor balances being incurred during the period. At February 28, 2022 these liability balances mainly comprise of payables related to exploration activities of $165,880 directors' fees payable of $27,126, audit and tax fee accrual of $40,827, and other accounts payable related to general expenditure of $30,826.

RESULTS OF OPERATIONS

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

	February 28, 2022 $	**February 28, 2021 $**
Management and administrative fees	328,959	331,702
Shareholder information and meetings	135,477	38,519
Share-based payments	178,317	105,923
Office and general	43,721	45,500
Professional fees	14,742	37,254
Regulatory and transfer agent fees	39,241	56,438
Salaries and benefits	-	3,919
Foreign exchange loss/(gain)	12,845	280,157
Contractual obligation interest	309	6,070
Loss on sale of financial assets	163,113	-
Share of losses – investment in associate	6,390	-
Provision against/write off exploration & evaluation assets	-	71,069
Unrealized gain/(loss) on financial assets	-	125,000
Loan interest	-	9,843
Loss on sale of subsidiary	-	51,084

Discussion of operations

Nine months ended February 28, 2022 and February 28, 2021

During the nine months ended February 28, 2022 ("current nine-month period"), the Company recorded a net loss of $553,114 compared to a net gain of $1,400,494 for the nine-month period ended February 28, 2021("comparative nine-month period"). The gain in the comparative nine-month period was impacted by the gain recognised on the sale of its subsidiary of $2,225,163 and the gain recognised on the revaluation of the contractual obligation payable of $318,564.

The net loss recorded for the current nine-month period is due mainly to the loss of $163,113 recognised on the sale of Cerrado shares in the period, share based payments expense recorded of $178,317 and increased investor relations expense of $96,958 as the Company looked to promote its recently acquired Scandinavian properties. This loss was offset by an unrealized gain of $370,000 recorded on the remaining equity investments held. This balance will fluctuate from period to period as the balance of securities held is revalued at each reporting date.

Other significant costs are detailed further below.

Management and administration fees have remained consistent across the two comparative reporting periods, as the Company continued its corporate activities to support its portfolio of the exploration activities.

Shareholder information expenses has increased by $96,958 as the Company attended a greater number of conferences in the current period compared to the prior comparative period which had been impacted by COVID-19 restrictions. The Company also incurred greater costs as it undertook an increased number of promotional activities in relation to its Scandinavian projects.

Share based payments expense increased in the current nine-month period due to the 4,400,000 options issued during the period with the cost to be recognised over the vesting periods. This represents the Company's first option grant since November, 2020, and includes new employees dedicated to the Company's Scandinavian portfolio of projects.

Office and general expenses and professional fees have remained consistent across the two comparative reporting period..

Professional fees have decreased in the current nine-month period due to increased costs incurred in the prior comparative period due to ongoing work related to the sale of Argentinean subsidiaries.

Regulatory and transfer agent fees decreased by $17,197 in the current nine-month period due predominantly to fees incurred in relation to the private placement and shares for debt conversion completed in September 2020 (comparative nine-month period).

The Company has recognised a total foreign exchange loss of $12,845 which is a decrease in cost from the prior comparative period due to the change in denomination of foreign currency transfers as a result of the Company's refocus from exploration activities in Argentina to Sweden, Norway and Finland; as well as the transfer of the foreign exchange balance from the foreign currency translation reserve to the Condensed Interim Statement of Profit or Loss following the sale of its foreign subsidiaries during the prior comparative period.

The Company also recognised its share of losses of $6,390 in its equity accounted investment in Sierra Blanca for the nine month period ending February 28, 2022.

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

SUMMARY OF QUARTERLY RESULTS

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

Period	Revenues $	Net profit (loss) for the period $	Net profit/(loss) per share for the period- basic $	Net profit/(loss) per share for the period- diluted $
Three months ended February 28, 2022	Nil	(355,576)	0.00	0.00
Three months ended November 30, 2021	Nil	(526,129)	0.00	0.00
Three months ended August 31, 2021	Nil	328,591	0.00	0.00
Three months ended May 31, 2021	Nil	151,339	0.00	0.00
Three months ended February 28, 2021	Nil	1,578,722	0.01	0.01
Three months ended November 30, 2020	Nil	(305,717)	0.00	n/a
Three months ended August 31, 2020	Nil	127,489	0.00	0.00
Three months ended May 31, 2020	Nil	(4,799,790)	(0.08)	n/a

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

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

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

The Company's net loss of $335,576 for the third quarter of fiscal 2022 is due mainly to the recognition of share based payments expense of $135,715 which has increased in the current quarter due to the issue of 4,040,000 options; as well as continued management and administrative fees incurred of $112,751 required to support the ongoing activities of the Company, shareholder information costs of $29,728 incurred as the company continued to promote its Scandinavian assets and increased listing and professional fees associated with the OTCQB listing.

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

The Company's net gain of $328,591 for the first quarter of fiscal 2022 is due mainly to the revaluation of $510,000 on financial assets held at August 31, 2021. The value of these financial assets will fluctuate from period in line with movements in the closing share price of the quoted equity shares. This gain was offset by increased shareholder information costs as the Company increased its investor relations activities which had been impacted by COVID-19 restrictions and share based payment expense as the cost associated with the issue of options being recognised over their vesting period.

The Company's net gain of $151,339 for the fourth quarter of fiscal 2021 is due mainly to the revaluation of $468,333 related to financial instruments held in Ethos Gold and Cerrado Gold. This gain was offset by increased investor relation costs of $96,622 which have increased from comparative quarters due to greater attendance at conferences in the current quarter which did not occur in the prior comparative period as a result of the COVID-19 pandemic, as well as increased targeted investor relations expenses during the current quarter as the Company looked to promote its recently acquired Scandinavian properties. Share based payments costs of $21.417 was recorded related to options issued during the fiscal year were recorded. These increases were offset by decrease in travel expenses of $37,813 due to the impact of COVID-19 travel restrictions in the current quarter, decrease in accounting fees of $19,428 due to the decrease in operations in Argentina and ultimate sale of the Argentinean subsidiaries. A decrease of $12,910 was recorded in relation to contractual obligation payable interest and interest recorded on SSL loan. In the prior period comparative quarter, the Company recognised a provision of $4,528,887 in relation to its Argentinean projects., no provision against projects was recognised in the current quarter.

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

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

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

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

SEGMENT INFORMATION

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

	February 28, 2022	May 31, 2021
	$	$
Sweden	1,009,478	659,524
Norway	2,312,442	1,562,626
Finland	630,470	-
Canada	908,103	908,103
	4,860,493	**3,130,253**

LIQUIDITY AND CAPITAL RESOURCES

As at February 28, 2022 the Company had cash of $586,417. The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control. The Financial Statements have been prepared on the assumption that the Company is a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations.

The Company has incurred an accumulated deficit of $16,685,049 at February 28, 2022 and has no current source of revenue. It is important to note the Company's continuation as a going concern is dependent on its ability to attain profitable operations and generate funds therefrom and/or raise funds sufficient to meet current and future obligations. In order to continue normal course of operations the Company is seeking additional equity funding, or alternative options, to fund ongoing exploration activities and to meet its current and ongoing general and administrative costs. The Company cannot guarantee it will be successful in raising additional funding, or in securing alternative financing options.

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

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

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

Operating Activities

During the nine months ended February 28, 2022, the Company used $623,079 (comparative nine-month period – $1,270,359) of cash to fund the ongoing operating activities of the Company. The cash used in operations reflects the loss for the period of $553,114 (comparative nine-month period gain: $1,400,494) adjusted for the changes in working capital items such as accounts receivable and accounts payable and non-cash items. Non-cash items include; unrealized gain of $370,000 on the revaluation of equity investments held at reporting date (comparative nine-month period $nil) , a realised loss of $163,113 (2021:$nil) recognised on equity securities sold during the period and share based payments expense $178,317 (comparative nine-month period - $105,923).

Investing Activities

During the period ended February 28, 2022 the Company incurred a net cash inflow in investing expenditures of $163,397 (comparative nine-month period – outflow $425,732) due to the receipt of net proceeds of $1,245,420 related to the sale of Cerrado shares held by the Company. The Cerrado shareholding was received in Q1, 2021, as consideration for the divestiture of Capella's former Argentine subsidiary, Minera Mariana SA. This inflow was offset by expenditure incurred on exploration activities related to its Scandinavian projects of $1,055,517 and cash paid of $46,232 related to the acquisition of Cullen Finland Oy, offset by the cash balance of the newly acquired subsidiary of $19,926.

Financing Activities

During the current period the Company repaid $30,000 of its CEBA loan. The Company made an early repayment of the loan and is thus entitled a discount. The Company is waiting for confirmation of the discount to be applied and the loan to be extinguished in full. In the prior comparative period the Company raised funds via private placement.

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

COMMITMENTS AND CONTINGENCIES

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

- Until Capella has completed financings to the value of CAD 4,500,000, EMX will retain a free carried 9.9% shareholding in Capella (subject to a cap of 15,693,785 shares). Afterwards, EMX retains the option to participate in future financings at its own discretion (in progress).
- On or before September 1, 2021, Capella shall incur no less than USD 100,000 in exploration expenditures on each of the three projects (in progress).
- On or before September 1, 2022, Capella shall incur an additional USD 500,000 in exploration expenditures aggregated across three projects (or on any one project).

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

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

- Capella will be required to invest a total of USD 250,000 in exploration expenditures on the two projects over a 24 month period from the Closing Date. Capella may then acquire a further 10% interest in Cullen Oy (for a total 80% interest) in return for a further USD 750,000 investment in the two projects over a 4.5-year period from the Closing Date.
- Cullen will then be free carried until the completion of a Pre-Feasibility Study ("PFS") on either of the two projects. Thereafter, a standard dilution formula will apply and should party's direct interest fall to below 10% then they will revert to a 2% Net Smelter Royalty (with 1% being purchasable for USD 1 million).

OFF BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

Outstanding share date as at February 28, 2022 is as follows:

	Price	**Expiry date**	**Number of common shares**
Common shares issued and outstanding			151,137,862
Securities convertible into common shares			
Options			
	$0.25	June 4, 2023	1,815,000
	$0.15	October 18, 2023	250,000
	$0.12	November 4, 2023	4,980,000
	$0.10	February 18, 2025	4,400,000
Warrants	$0.125/0.25*	March 8, 2022	7,062,350**
	$0.12	September 3, 2023	62,558,260
Fully Diluted			**232,203,472**

* exercise price was $0.125 to September 8, 2020 and $0.25 thereafter until expiry March 8, 2022
** these options expired subsequent to February 28, 2022

RISKS AND UNCERTAINTIES

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

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

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

Exploration Stage Company

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

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

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

Political or economic instability in countries where the Company operates

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

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

- political instability and violence;
- war and civil disturbance;
- labour unrest or community relation issues;
- permitting issues
- expropriation or nationalization;

- changing fiscal regimes and uncertain regulatory environments;
- changes to royalty and tax regimes;
- underdeveloped industrial and economic infrastructure; and
- the unenforceability of contractual rights and judgments.

Competition

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

Title to Property

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

Personnel

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

Commodity Price Risk

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

TRANSACTIONS WITH RELATED PARTIES

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

a) Related party transactions

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

		Nine months ended February 28, 2022	Nine months ended February 28, 2021
		$	$
Consulting & Salary	(i)	213,674	208,450
Share-based payments		108,006	97,415

(i) Consulting costs relate to ER Global (CEO) - $90,000, Marketworks (Company Secretary) $31,860, and Genco Professional Services (CFO) $53,516 and non-executive director fees of $38,388.

On February 18, 2022 the Company granted an aggregate of 1,900,000 incentive stock options to directors and officers of the Company.

b) Related party balances

	February 28, 2022	May 31, 2021
	$	$
Perihelion Inc - Mary Little	13,563	12,072
Glen Parsons	13,563	12,072
Marketworks Inc Kathryn Witter -Corporate Secretary	4,328	150

The Company also has a contractual obligation payable balance of $159,297 to Sandstorm.

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

c) Compensation of key management personnel

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

		Nine months ended February 28, 2022	Nine months ended February 28, 2021
		$	**$**
Salary/Exploration/Consulting	(i)	213,674	208,450
Share based payments		108,006	97,415

(i) Key management were not paid post-employment benefits or other long-term benefits were paid during the nine months ended February 28, 2022 and February 28, 2021.

FINANCIAL RISK MANAGEMENT

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

a) Currency Risk

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

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

February 28, 2022	**Cash**	**Receivables**	**Accounts payable and accrued liabilities**
	$	**$**	**$**
US dollars	**5,044**	**-**	**27,127**
Swedish kroner	**77,853**	**8,781**	**13,852**
Norwegian kroner	**37,059**	**-**	**121,460**
Euro	**49,261**	**-**	**1,834**
Australian dollars	**5,985**	**-**	**-**
Great British Pounds	**1,749**	**-**	**7,700**
May 31, 2021	Cash	Receivables	Accounts payable and accrued liabilities
	$	$	$
US dollars	87,505	**-**	24,144
Swiss Francs	**-**	**-**	15,427

At February 28, 2022 with other variables unchanged, a +/-10% change in exchange rates would decrease/increase pre-tax loss by $1,376 (2021: $6,922).

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 CEBA loan (recorded as long-term debt) will attract interest with effect from December 31, 2022 if not paid prior. The Company's current financial assets and financial liabilities are not significantly exposed to interest rate risk because either they are of a short-term nature or because they are non-interest bearing. The Company has a positive cash balance. At February 28, 2022, the Company has a positive cash balance. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by reputable financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at February 28, 2022 and February 28, 2021, the Company did not hold any short-term investments or cash equivalents.

Receivables consist of goods and services tax and taxes due from the government of Canada and Sweden. Management believes that the credit risk concentration with respect to receivables is limited.

c) Liquidity Risk

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

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

Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at February 28, 2022, the Company had cash of $586,417 (May 31, 2021 - $1,103,663) to settle current liabilities of $368,270 (May 31, 2021 - $211,675). Included in current liabilities is a balance owed to related parties of $31,454, which was paid subsequent to the current reporting period. Also included in current liabilities is a balance of $29,909 for the current portion of the contractual obligation payable to Sandstorm to be paid in either cash or shares at the Company's discretion, and the current portion deferred consideration of $63,412 related to the purchase of the Finnish subsidiary Cullen Finland Oy during the period. The balance of the current liabilities are to creditors and suppliers related to the Company's exploration activities in Sweden, Norway and Finland, and corporate activities supporting these operations.

d) Commodity Price risk

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

e) Equity price risk

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

At February 28, 2022 with other variables unchanged a +/- 10% change of the quoted equity investment value at the end of the reporting period would result in a decrease/increase in pre-tax loss of $81,000 (2021: nil),

CAPITAL MANAGEMENT

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

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

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. There are no external requirements imposed on the Company regarding its capital management or changes to the Company's approach.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments selected with regards to the expected timing of expenditures from continuing operations.

The Company will require additional financing in order to fund working capital requirements and conduct additional acquisitions, exploration and evaluation of mineral properties.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the Interim Financial Statements are as follows:

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

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

(ii) Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and Company’s earnings and equity reserves.

(iii) Income taxes

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

(iv) Non-cash transactions

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

(v) Functional currency

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

(vi) Contractual obligation payable

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

ACCOUNTING STANDARDS

Principles of Consolidation

The Company's financial statements have been prepared in accordance with IFRS and include the accounts of the Company and its controlled entities as follows:

Entity	Country of Incorporation	Functional Currency
NDR Guernsey Limited	Guernsey	Canadian dollar
Dimension Resources (USA) Inc.	U.S.A.	Canadian dollar
Capella Minerals Sweden AB (previously known as Bastutrask Holdings AB)	Sweden	Swedish kroner
Capella Minerals Norway AS (previously known as Norra Metals 1 AS)	Norway	Norwegian kroner
Cullen Finland Oy	Finland	Euro

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

APPROVAL

The Board of Directors of Capella has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

ADDITIONAL INFORMATION

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

FORWARD LOOKING INFORMATION

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

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

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

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

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