

# MAGNA MINING INC.

(Expressed in Canadian Dollars)

## **Condensed Interim Consolidated Financial Statements**

For the Three Months Ended March 31, 2024 and 2023

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## **NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that these condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The attached condensed interim financial statements for the three months ended March 31, 2024 and 2023 have not been reviewed by the Company's auditors.

**Magna Mining Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at March 31, 2024 and December 31, 2023**  
**(Expressed in Canadian dollars)**

	Notes	March 31, 2024	December 31, 2023
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 7,548,744	\$ 10,890,288
Accounts receivable		1,185,194	890,107
Prepaid expenses		177,452	111,310
Investments	6	41,463	41,021
Total current assets		<b>8,952,853</b>	11,932,726
<b>Non-current</b>			
Restricted cash	5	707,998	699,724
Equipment	8	92,759	94,678
Right of use asset	8	72,416	40,130
Total non-current assets		<b>873,173</b>	<b>834,532</b>
<b>Total assets</b>		<b>\$ 9,826,026</b>	<b>\$ 12,767,258</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	11, 21	\$ 2,298,501	\$ 1,613,826
Right of use lease liability		48,388	28,452
Flow-through premium payable	24	2,157,043	2,944,597
Total current liabilities		<b>4,503,932</b>	4,586,875
<b>Non-current</b>			
Asset retirement obligation	12	838,831	831,988
Right of use lease liability		26,942	13,602
Total non-current liabilities		<b>865,773</b>	845,590
Total liabilities		<b>5,369,705</b>	5,432,465
<b>Shareholders' equity</b>			
Share capital	14	45,784,084	45,784,084
Share-based payment reserve	16, 18	3,046,604	2,820,100
Warrants reserve	17	1,592,926	1,592,926
Deficit		(45,967,293)	(42,862,317)
Total shareholders' equity		<b>4,456,321</b>	7,334,793
<b>Total shareholders' equity and liabilities</b>		<b>\$ 9,826,026</b>	<b>\$ 12,767,258</b>

Going concern (note 1)  
Commitments and contingencies (note 24)  
Subsequent events (note 25)

"Jason Jessup" Director

"John Seaman" Director

See accompanying notes to the condensed interim consolidated financial statements

**Magna Mining Inc.**  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Canadian dollars)**

	Notes	Three months ended March 31, 2024	March 31, 2023
<b>Operating expenses</b>			
Exploration and evaluation	10, 19	\$ 2,682,329	\$ 1,736,232
General and administrative	19	875,240	425,544
Share-based compensation	16, 18	226,504	182,846
Professional fees		78,070	104,350
Property maintenance	19	71,477	83,934
Marketing and promotion		57,478	38,687
Depreciation	8	20,888	12,828
Accretion of asset retirement obligation	12	6,843	4,474
<b>Total operating expenses</b>		<b>4,018,829</b>	<b>2,588,895</b>
<b>Other items</b>			
Flow-through premium income	14, 24	787,554	392,670
Interest income		140,203	145,752
Foreign exchange gain (loss)		(12,702)	33,699
Interest expense	7	(1,202)	(99,737)
<b>Total other income (loss)</b>		<b>913,853</b>	<b>472,384</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ 3,104,976</b>	<b>\$ 2,116,511</b>
<b>Basic and diluted loss per common share</b>	14	<b>\$ 0.019</b>	<b>\$ 0.013</b>
<b>Weighted average number of outstanding shares</b>			
Basic and diluted		163,379,860	157,392,394

See accompanying notes to the condensed interim consolidated financial statements

**Magna Mining Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2024 and 2023**  
**(Expressed in Canadian dollars)**

	Notes	Number of shares	Share capital	Share-based payment reserve	Warrants reserve	Deficit	Total shareholders' equity
Balance at December 31, 2022		146,912,330	\$ 32,466,633	\$ 1,818,268	\$ 1,340,663	\$ (33,003,271)	\$ 2,622,293
Net loss and comprehensive loss for the period		-	-	-	-	(2,116,511)	(2,116,511)
Private placements	14	10,964,186	17,949,998	-	-	-	17,949,998
Share issue costs	14	-	(1,300,846)	-	-	-	(1,300,846)
Agents' warrants	14, 17	-	(306,629)	-	306,629	-	-
Flow-through premium	14	-	(5,442,900)	-	-	-	(5,442,900)
Options exercised	14, 16	1,750,625	732,904	(336,429)	-	-	396,475
Warrants exercised	14, 17	1,666,898	724,240	-	(52,619)	-	671,621
Share-based compensation	16, 18	-	-	182,846	-	-	182,846
Balance at March 31, 2023		161,294,039	\$ 44,823,400	\$ 1,664,685	\$ 1,594,673	\$ (35,119,782)	\$ 12,962,976
Balance at December 31, 2023		163,379,860	\$ 45,784,084	\$ 2,820,100	\$ 1,592,926	\$ (42,862,317)	\$ 7,334,793
Net loss and comprehensive loss for the period		-	-	-	-	(3,104,976)	(3,104,976)
Share-based compensation	16, 18	-	-	226,504	-	-	226,504
<b>Balance at March 31, 2024</b>		<b>163,379,860</b>	<b>\$ 45,784,084</b>	<b>\$ 3,046,604</b>	<b>\$ 1,592,926</b>	<b>\$ (45,967,293)</b>	<b>\$ 4,456,321</b>

See accompanying notes to the condensed interim consolidated financial statements

**Magna Mining Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

	Three months ended	
	March 31, 2024	March 31, 2023
<b>Operating activities</b>		
Net loss for the period	\$ (3,104,976)	\$ (2,116,511)
Items not requiring an outlay of cash:		
Share-based compensation	226,504	182,846
Depreciation	20,887	12,828
Accretion of asset retirement obligation	6,843	4,474
Interest on right of use lease	1,202	684
Interest on deferred acquisition costs	-	99,053
Interest on investments	(442)	-
Interest on restricted cash	(8,274)	(4,755)
Flow-through premium income	(787,554)	(392,670)
<b>Net change in non-cash working capital balances</b>		
Accounts receivable	(295,087)	58,522
Prepaid expenses	(66,142)	(173,624)
Accounts payable and accrued liabilities	684,675	366,131
<b>Net cash used in operating activities</b>	<b>(3,322,364)</b>	<b>(1,963,022)</b>
<b>Financing activities</b>		
Issuance of common shares, net of costs	-	16,649,152
Proceeds from exercise of options	-	396,475
Proceeds from exercise of warrants	-	671,621
Payment of lease	(11,149)	(5,631)
<b>Cash provided by (used in) financing activities</b>	<b>(11,149)</b>	<b>17,711,617</b>
<b>Investing activities</b>		
Purchase of equipment	(8,031)	(25,044)
<b>Cash used in investing activities</b>	<b>(8,031)</b>	<b>(25,044)</b>
Increase (decrease) in cash during the period	(3,341,544)	15,723,551
Cash at the beginning of the period	10,890,288	6,175,126
<b>Cash at the end of the period</b>	<b>\$ 7,548,744</b>	<b>\$ 21,898,677</b>
<b>Supplemental disclosures with respect to cash flows</b>		
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	-	-
Share issue costs included in accounts payable and accrued liabilities	-	-
<b>Non-cash items:</b>		
Non-cash share issuance costs	\$ -	\$ -

See accompanying notes to the condensed interim consolidated financial statements

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**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**1. Reporting entity**

Magna Mining Inc. (the “Company” or “Magna”) was incorporated under the Canada Business Corporations Act (Canada) on April 2, 2011. On November 17, 2011, the Company completed its initial public offering and on November 23, 2011, listed its common shares on the TSX Venture Exchange (“TSXV”) as a capital pool company. Effective August 19, 2014, the Company’s common share listing was transferred to the NEX Board of the TSXV.

On May 4, 2021, Magna Mining (Canada) Corp. (“MMCC”) and CT Developers Ltd (“CT”) (now Magna Mining Inc.) completed a Qualifying Transaction, whereby CT acquired 100% of the issued and outstanding shares of MMCC by means of a share-for-share exchange, under which the former shareholders of MMCC acquired control of CT (see note 3). Trading on the TSXV commenced May 11, 2021, under the symbol NICU and the name Magna Mining Inc.

The Company’s registered office is located at 45 Oak Street, PO Box 130, Dowling, ON P0M 1R0.

**Going concern**

The nature of the Company’s operations results in significant expenditures for the acquisition and exploration of mineral properties. The eventual generation of revenue is dependent upon a number of factors including the existence of recoverable reserves, the ability of the Company to obtain financing to maintain the properties in good standing and to continue exploration and development and the discovery of economically recoverable reserves. To date, the Company has not generated any revenue from mining or other operations, and it is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS Accounting Standards”) applicable to a going concern, which assumes the Company will be able to realize its assets and settle its liabilities in the normal course of business. For the three months ended March 31, 2024, the Company reported a net loss of \$3,104,976 (Three months ended March 31, 2023 - \$2,116,511), and as at that date had net working capital of \$4,448,921 (December 31, 2023 - \$7,345,851), and an accumulated deficit of \$45,967,293 (December 31, 2023 - \$42,862,317).

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by the Company’s existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard. These events and conditions indicate a material uncertainty that may cast a significant doubt on the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

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**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**2. Basis of presentation**

**(a) Statement of compliance**

These condensed interim consolidated financial statements were prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (“IASB”) for interim information, specifically International Accounting Standards (“IAS”) 34 – Interim Financial Reporting. In addition, the condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”) and the same accounting policies and methods of their application as the most recent annual financial statements of the Company.

These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2023. In management’s opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected of the year ended December 31, 2024.

The Board of Directors authorized these condensed interim consolidated financial statements for issuance on May 24, 2024.

**(b) Basis of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiaries: MMCC, Ursa Major Minerals Incorporated, and Lonmin Canada Inc.

All intercompany transactions and balances have been eliminated upon consolidation.

A subsidiary is an entity which Magna controls. The Company has control over an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A subsidiary is fully consolidated from the date on which control is obtained by the Company and is deconsolidated from the date that control ceases.

Name of subsidiary	Country of incorporation	Proportion of ownership interest	Principal activity
Magna Mining (Canada) Corp.	Canada	100%	Mineral exploration
Ursa Major Minerals Incorporated	Canada	100%	Mineral exploration
Lonmin Canada Inc.	Canada	100%	Mineral exploration

**(c) Basis of presentation**

These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company’s December 31, 2023 annual financial statements, other than as noted below. The notes presented in these condensed interim consolidated financial statements include in general only significant changes and transactions occurring since the Company’s last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These financial statements should be read in conjunction with the Company’s last annual financial statements as at December 31, 2023 and for the year then ended.

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**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**2. Basis of presentation (continued)**

**(d) Functional and presentation currency**

Management is required to assess the functional currency of Lonmin Canada Inc., MMCC, and Ursa Major Minerals Inc. In concluding the functional currencies of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of Lonmin Canada Inc., MMCC, and Ursa Major Minerals Inc.

**(e) Significant estimates and critical judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires the use of judgment and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the consolidated financial statements. Information about such judgments and estimation is contained in the accounting policies and notes to the consolidated financial statements, and the key areas are summarized below.

The 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 future periods if the review affects both current and future periods. The most significant estimates as at March 31, 2024 relates to the asset retirement obligation (note 12), share-based payment reserve (note 17), warrants (note 18), and restricted share units ("RSUs") (note 19).

**Critical accounting judgments**

In the preparation of these condensed interim consolidated financial statements, management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. The judgments which may have an effect on the amounts recognized in the consolidated financial statements include the following:

- The assessment of the going concern assumption;
- The recognition of deferred tax assets;
- The valuation of stock options issued;
- The valuation of RSUs units issued; and
- The valuation of warrants issued.

**3. Material accounting policies**

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2023.

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**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**4. Recent accounting pronouncements**

**New standards and interpretations**

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

In October 2022, the IASB made amendments to IAS 1. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and have been evaluated to have no impact on the Company for the three months ended March 31, 2024.

**5. Restricted cash**

Restricted cash represents a cash security deposit with the Ministry of Northern Development and Mines ("MNDM") as a financial assurance guarantee in connection with the Stage One Mining Closure Plan on the Shakespeare Mine.

In May 2018, the Company filed a Notice of Material Change and Updated Closure Cost Estimate with the MNDM and provided a cash surety deposit. At March 31, 2024, the deposit plus accrued interest amounted to \$707,998 (December 31, 2023: \$699,724).

**6. Investments**

Investments consist of guaranteed investment certificates issued by major Canadian financial institutions. The breakdown of investments is as follows:

	<b>March 31,</b>	<b>December 31,</b>
	<b>2024</b>	<b>2023</b>
<b>Investments at amortized cost</b>		
Guaranteed investment certificates	\$ 41,463	\$ 41,021
	\$ 41,463	\$ 41,021

**7. Acquisition of Lonmin Canada Inc.**

On November 7, 2022, the Company announced that it had closed the acquisition of Lonmin Canada Inc. ("Loncan"), including the Denison Project and the past producing Crean Hill Ni-Cu-PGE mine (the "Acquisition"), pursuant to a share purchase agreement dated August 15, 2022 (the "Share Purchase Agreement") among the Corporation, Loncan, each of the shareholders of Loncan and Sibanye UK Limited, as shareholder representative.

Under the terms of the Share Purchase Agreement, Magna acquired 100% of the issued and outstanding shares of Loncan, whose core asset is the Denison Project, in exchange for an aggregate purchase price of \$16,000,000 comprised of a closing payment of \$13,000,000 in cash (the "First Payment") and a deferred payment of \$3,000,000 (the "deferred acquisition cost") payable pro rata to each shareholder of Loncan (the "Vendors"). The deferred acquisition cost was payable on or before the 12-month anniversary of the closing of the Acquisition. As ongoing security pending the settlement of the deferred acquisition cost, the Company granted a pledge of the shares of Loncan in favour of the Vendors. The company settled the deferred acquisition cost by making a cash payment of \$3,000,000 in November 2023. As part of the transaction, the Company inherited Loncan's existing commercial arrangements with Vale Canada Limited, including access rights and certain net smelter return royalties. Certain other arrangements, including Loncan's joint venture arrangements with Wallbridge Mining Company Limited, terminated concurrently with the completion of the Acquisition.

**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

**7. Acquisition of Lonmin Canada Inc. (continued)**

The deferred acquisition cost was discounted over the 12-month deferral period and a liability was recorded on the statement of financial position of \$2,584,483. As at March 31, 2024, the carrying value of the deferred acquisition cost was \$Nil (December 31, 2023 - \$Nil), and related interest expense of \$Nil was included in profit or loss for the three months ended March 31, 2023 (Three months ended March 31, 2023 - \$99,053).

In connection with the closing of the Acquisition, an advisory fee was paid to Desjardins Capital Markets in the form of a cash payment of \$100,000 plus 314,564 common shares of the Company (the "Advisory Fee Shares"), valued at \$100,000.

The allocation of the purchase price, which was considered an asset acquisition, to the estimated fair value of the assets of Loncan is as follows:

<b>Purchase Price</b>	
Cash	\$ 13,000,000
Deferred acquisition cost	2,584,483
Transaction costs	950,837
	<u>16,535,320</u>
<b>Estimated fair values of assets acquired</b>	
Cash	(9,885)
Sales tax recoverable	(10,800)
	<u>(20,685)</u>
<b>Value of mineral properties acquired, exploration and evaluation expenditures</b>	<b>\$ 16,514,635</b>

With the completion of the Lonmin acquisition, the Company also satisfied the escrow release conditions relating to the 74,128,860 subscription receipts of the Company (the "Subscription Receipts") issued on a non-brokered private placement basis at a price of \$0.27 per Subscription Receipts for gross proceeds of approximately \$20 million (the "Offering"). The gross proceeds of the subscription including the earned interest thereon (the "Escrowed Funds") were released to the Company and used, in part, to fund the First Payment of \$13 million payable to the Vendors in connection with the Acquisition. Each Subscription Receipt was automatically converted into one common share of the Corporation and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"), with each Warrant entitling the holder thereof to purchase one common share at a price of \$0.405 until November 4, 2025.

**8. Equipment and right of use assets**

The carrying value of equipment and the changes in the carrying value are as follows:

	<b>Computer equipment</b>	<b>Fencing Equipment</b>	<b>Motor vehicles</b>	<b>Office furniture</b>	<b>Total</b>
<b>a) Cost</b>					
At December 31, 2022	\$ 11,090	\$ 44,689	\$ 10,790	\$ 350	\$ 125,910
Additions	20,386	-	9,895	4,023	34,304
At December 31, 2023	\$ 31,476	\$ 44,689	\$ 20,685	\$ 4,373	\$ 160,214
Additions	7,361	-	-	670	8,031
<b>At March 31, 2024</b>	<b>\$ 38,837</b>	<b>\$ 44,689</b>	<b>\$ 20,685</b>	<b>\$ 5,043</b>	<b>\$ 168,245</b>

**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

**8. Equipment and right of use assets (continued)**

**b) Accumulated depreciation**

At December 31, 2022	\$	3,335	\$	9,720	\$	7,539	\$	8,953	\$	112	\$	29,659
Depreciation		8,852		2,234		4,802		18,965		1,024		35,877
At December 31, 2023	\$	12,187	\$	11,954	\$	12,341	\$	27,918	\$	1,136	\$	65,536
Depreciation		2,957		559		1,274		4,740		420		9,950
<b>At March 31, 2024</b>	<b>\$</b>	<b>15,144</b>	<b>\$</b>	<b>12,513</b>	<b>\$</b>	<b>13,615</b>	<b>\$</b>	<b>32,658</b>	<b>\$</b>	<b>1,556</b>	<b>\$</b>	<b>75,486</b>

**c) Carrying value**

At December 31, 2023	\$	19,289	\$	32,735	\$	8,344	\$	31,073	\$	3,237	\$	94,678
<b>At March 31, 2024</b>	<b>\$</b>	<b>23,693</b>	<b>\$</b>	<b>32,176</b>	<b>\$</b>	<b>7,070</b>	<b>\$</b>	<b>26,333</b>	<b>\$</b>	<b>3,487</b>	<b>\$</b>	<b>92,759</b>

The carrying value of right of use assets and the changes in the carrying value are as follows:

	<b>Right of use assets</b>
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**a) Cost**

At December 31, 2022	\$	59,491
Additions		38,241
At December 31, 2023	\$	97,732
Additions		43,224
<b>At March 31, 2024</b>	<b>\$</b>	<b>140,956</b>

**b) Accumulated depreciation**

At December 31, 2022	\$	31,398
Depreciation		26,204
At December 31, 2023	\$	57,602
Depreciation		10,938
<b>At March 31, 2024</b>	<b>\$</b>	<b>68,540</b>

**c) Carrying value**

At December 31, 2023	\$	40,130
<b>At March 31, 2024</b>	<b>\$</b>	<b>72,416</b>

**9. Mineral properties**

The Company's primary mineral properties are comprised of the past producing Shakespeare and Crean Hill Projects.

All of the Company's properties are located near Sudbury, Ontario, Canada.

The Company is required to make a \$24,000 per year advance royalty payment in order to maintain certain property agreements in good standing, as outlined below. The Company is also required to make statutory licence and property tax expenditures each year to maintain its properties in good standing.

**a) Shakespeare Mine**

The Company has an 84% interest in the Shakespeare Mine consisting of six claims and three leases. The Shakespeare Mine contains a nickel, copper, platinum group metal resource.

During the financial year ended January 31, 2011, the Company's subsidiary, Ursa, declared commercial production at the Shakespeare Mine. Subsequently, it suspended production and the mine remains on care and maintenance.

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**Magna Mining Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**9. Mineral properties (continued)**

Various exploration mineral claims that surround the Shakespeare Mine are subject to an 84/16 joint venture between the Company and Glencore International PLC.

**b) Crean Hill Project**

The Crean Hill Project is located in Denison Township within the City of Greater Sudbury, Ontario, Canada. The Property is in an area of Patented Surface and Mining Rights. The Patents do not have an expiry date, but are subject to an annual rent of \$4 per hectare plus municipal taxes.

**c) Stumpy Bay Property**

The Company owns an 84% interest in claims known as the Stumpy Bay Property, located in Shakespeare and Baldwin Townships, Ontario. Nickel Creek Platinum Corp. has a 0.5% net smelter return royalty of which 100% can be repurchased by the Company for \$250,000.

Prior vendors have retained a 2% net smelter return royalty. Aggregate advance royalty payments of \$200,000 were paid by the former operator and no further advance royalty obligation exist. The Company has the right to purchase one half of the royalty for \$750,000.

Glencore International PLC has elected to include this property as part of the Shakespeare agreement and accordingly it holds a 16% interest in the Stumpy Bay Property.

**d) Porter Baldwin Property**

The Company has a 100% interest in mining claims in the Agnew Lake area that are contiguous with the Shakespeare Mine noted above.

The Company has granted a 0.5% net returns royalty related to certain mining claims, 100% of which can be repurchased for \$250,000.

**e) Porter Option**

The Company has a 100% interest in certain mineral claims known as the Porter Option, located in Shakespeare, Dunlop, and Porter Townships, Ontario. The optionor has retained a 2% net returns royalty. Advance royalty payments of \$24,000 per year commenced January 15, 2007.

The Company has the right to purchase one half of the royalty for \$1,000,000.

**f) Shining Tree Property**

The Company has a 100% interest in mineral claims known as the Shining Tree Property, located in Fawcett Township, Ontario. The optionor has retained a 1% net returns royalty. The Company has the right to purchase one half of the royalty for \$500,000. Nickel Creek Platinum Corp. has an additional 0.5% Net Smelter Return Royalty of which 100% can be repurchased by the Company for \$250,000.

**h) Spanish River Option**

On November 2, 2020, Magna entered into an option to purchase agreement with 2060014 Ontario Inc. to acquire 100% of certain claim units located in Baldwin Township, Ontario (The "Spanish River Option"). The terms of the agreement were as follows:

- Within 10 days (November 12, 2020) from the date of signing: \$6,000 cash and 40,625 common shares of the Company. The cash balance has been paid and the common shares have been issued with a fair value of \$13,250.

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**9. Mineral properties (continued)**

- Before the 1<sup>st</sup> anniversary date of signing (November 2, 2021): \$14,000 cash and 40,625 common shares of the Company. The cash balance has been paid and the common shares have been issued with a fair value of \$16,250.
- Before the 2<sup>nd</sup> anniversary date of signing (November 2, 2022): \$25,000 cash and 40,625 common shares of the Company. The cash balance has been paid and the common shares have been issued with a fair value of \$13,609.
- Before the 3<sup>rd</sup> anniversary date of signing (November 2, 2023): \$30,000 cash and 40,625 common shares of the Company. The cash balance has been paid and the common shares have been issued with a fair value of \$17,469.

Magna also met the requirement to complete cumulative exploration expenditures totaling \$100,000 prior to the third anniversary date of signing (November 2, 2023). The Optionor will retain a 1.5% net smelter return royalty of which Magna can repurchase 50% (0.75%) for \$1,000,000 at any time.

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**10. Exploration and evaluation expenditures**

The Company incurred the following expenditures on its properties during the three months ended March 31, 2024 and 2023:

	Three months ended Mar 31, 2024	Three months ended Mar 31, 2023
<b>Shakespeare Mine</b>		
Assays and surveying	\$ 3,974	\$ 26,191
Claim maintenance	13,513	3,042
Drilling	3,038	-
Exploration support	21,880	-
Geology	106,153	114,724
Geophysics	600	-
Technical studies	1,651	43,403
	<b>\$ 150,809</b>	<b>\$ 187,360</b>
<b>Crean Hill Project</b>		
Assays and surveying	\$ 75,663	\$ 132,098
Claim maintenance	13,817	-
Drilling	1,518,042	847,676
Engineering	71,811	-
Exploration support	37,559	83,033
Geology	105,699	17,943
Geophysics	54,425	12,944
Technical studies	123,284	357,935
	<b>\$ 2,000,300</b>	<b>\$ 1,451,629</b>
<b>Regional exploration</b>		
Advanced Royalty	\$ 24,000	\$ 24,000
Assays and surveying	39,714	-
Claim maintenance	2,729	2,663
Drilling	378,506	30,433
Exploration support	15,376	10,160
Geology	1,300	-
Geophysics	20,250	3,600
Technical studies	21,953	25,566
	<b>\$ 503,828</b>	<b>\$ 96,422</b>

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**10. Exploration and evaluation expenditures (continued)**

	Three months ended Mar 31, 2024	Three months ended Mar 31, 2023
<b>Spanish River</b>		
Claim maintenance	\$ 792	\$ 780
	<b>\$ 792</b>	<b>\$ 780</b>
<b>Shining Tree</b>		
Exploration support	\$ -	\$ 41
Geophysics	26,600	-
	<b>\$ 26,600</b>	<b>\$ 41</b>
<b>Exploration &amp; evaluation expenses</b>	<b>\$ 2,682,329</b>	<b>\$ 1,736,232</b>

**11. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities consist of:

	March 31, 2024	December 31, 2023
Trade accounts payable	\$ 1,351,873	\$ 826,843
Accrued liabilities and other payables	946,628	786,983
	<b>\$ 2,298,501</b>	<b>\$ 1,613,826</b>

**12. Asset retirement obligation**

The Company's provision for closure and reclamation costs is based on management's estimates of the discounted costs to abandon and reclaim the Shakespeare property and facilities as well as an estimate of the future timing of the costs to be incurred.

The Company has estimated its total provision for closure and reclamation to be \$838,831 at March 31, 2024 (December 31, 2023 - \$831,988), using an inflation rate of 3.90% (2023 – 3.90%) and a discount rate of 3.29% (2023 – 3.29%) over a period of 20 years (2023 – 20 years).

The following is an analysis of the provision for closure and reclamation:

Balance, December 31, 2022	\$ 715,789
Accretion	26,501
Change in estimate	89,698
Balance, December 31, 2023	831,988
Accretion	6,843
<b>Balance, March 31, 2024</b>	<b>\$ 838,831</b>

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**13. Term loan**

On April 17, 2020, the Company received a \$40,000 loan under the Canada Emergency Business Account (“CEBA”) program. The loan was guaranteed by the Canadian government, unsecured, and interest-free through December 31, 2023. Contingent upon the Company repaying \$30,000 of the loan on or before December 31, 2023, the balance of \$10,000 was eligible for forgiveness. During the year ended December 31, 2020, the Company recognized \$10,000 as other income for the forgivable portion of the loan. If \$30,000 wasn’t repaid on or before December 31, 2023, \$40,000 (including the forgivable amount) would be converted to a three-year term loan maturing on December 31, 2025, and bearing interest at 5% per annum with monthly interest-only payments. The Company paid \$30,000 towards the loan in December 2023, and the remaining \$10,000 was forgiven. As at March 31, 2024, the principal balance owing on the loan was \$Nil (December 31, 2023 - \$Nil).

The funds from the CEBA program must only be used to pay non-deferrable operating expenses such as payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any costs such as prepayment or refinancing of existing indebtedness, payments of dividends and distributions, and/or increases in management compensation.

**14. Issued share capital**

The authorized share capital of the Company is comprised of an unlimited number of common shares without par value. As at March 31, 2024, the Company had 163,379,860 common shares outstanding (December 31, 2023 – 163,379,860).

*Transactions for the three months ended March 31, 2024:*

There were no shares issued in the three months ended March 31, 2024.

*Transactions for the year ended December 31, 2023:*

Private Placement

On January 25, 2023, the Company completed a private placement of (i) 8,236,914 flow-through common shares at a price of \$1.815 per share for gross proceeds of \$14,949,999, and (ii) 2,681,872 common shares at a price of \$1.10 per common share for gross proceeds of \$2,950,059. In addition, the Company also sold an additional 45,400 common shares at a price of \$1.10 per common share for gross proceeds of \$49,940 on a non-brokered private placement basis.

The Company paid \$284,496 in legal fees, exchange fees, agents’ expenses and other items related to the financing. The Company also incurred agents’ fees paid in cash of \$1,017,000 and issued 603,305 agents’ warrants with a fair value of \$327,433. Each agents’ warrant entitles the holder thereof to one common share of the Company at a price of \$1.10 per common share until the close of business on the date which is 24 months from the issue date.

Flow through liabilities totalling \$5,337,022 were recognized with respect to the Company’s share financing in the year ended December 31, 2023. Flow through liabilities related to the financing are equal to the premium investors paid for the flow-through feature.

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**14. Issued share capital (continued)**

Option and warrant exercises

There were no options exercised during the three months ended March 31, 2024.

During the year ended December 31, 2023, 2,572,187 common shares were issued upon options exercised for proceeds of \$618,862. A total of \$456,199 was reallocated from share-based payment reserve to share capital in connection with options exercised. The weighted average share price at the date of exercise of options in the year ended December 31, 2023 was \$1.02.

There were no warrants exercised during the three months ended March 31, 2024.

During the year ended December 31, 2023, 2,890,532 common shares were issued upon warrants exercised for proceeds of \$1,165,704. A total of \$75,170 was reallocated from warrants reserve to share capital in connection with warrants exercised.

Other issuances

On October 26, 2023, the Company issued 40,625 common shares with a fair value of \$17,469 in connection with the Spanish River Option (note 9(h)).

**15. Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the three months ended March 31, 2024 was based on the loss attributable to common shareholders of \$3,040,518 (Three months ended March 31, 2023 - \$2,116,511) and the weighted average number of common shares outstanding of 163,379,860 (Three months ended March 31, 2023 – 157,392,394).

**16. Share-based payment reserve**

The Company has established a Stock Option Plan that provides for the issuance of stock options (the “Options”) enabling the directors to grant Options to employees, officers, directors, and consultants of the Company. From time to time, common shares may be reserved by the Board, in its discretion, for Options provided that the total number of common shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding common shares of the Company on a non-diluted basis. Options are non-assignable and may be granted for a term not exceeding that permitted by the TSXV, currently ten years. Options issued are subject to vesting terms as determined by the Board of Directors.

Details of the stock options issued and exercised during the period are as follows:

	Year ended March 31, 2024		Year ended December 31, 2023	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at beginning of year	8,786,800	\$ 0.48	8,191,250	\$ 0.38
Issued during the year	-	-	3,621,800	0.50
Exercised during the year	-	-	(2,572,187)	0.24
Expired during the year	-	-	(454,063)	0.13
Outstanding at end of year	8,786,800	\$ 0.48	8,786,800	\$ 0.48
Vested and exercisable	5,887,792	\$ 0.49	5,887,792	\$ 0.49

**Magna Mining Inc.**  
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**16. Share-based payment reserve (continued)**

As at March 31, 2024, the Company had outstanding and exercisable stock options as follows:

<b>Grant date</b>	<b>Expiry date</b>	<b>Number of options outstanding</b>	<b>Weighted average remaining life in years</b>	<b>Exercise price</b>	<b>Number of options exercisable</b>
2021-05-28	2026-05-28	925,000	2.16	0.50	925,000
2021-12-23	2026-12-23	575,000	2.73	0.40	575,000
2022-11-10	2027-11-10	3,665,000	3.61	0.47	2,569,997
2023-05-01	2028-04-30	175,000	4.08	0.87	58,333
2023-08-09	2028-08-09	915,800	4.36	0.58	915,800
2023-11-02	2028-11-02	2,281,000	4.59	0.44	760,329
2023-11-23	2028-11-23	250,000	4.65	0.47	83,333
		<b>8,786,800</b>	<b>3.77</b>	<b>\$ 0.48</b>	<b>5,887,792</b>

On November 23, 2023, the Company granted 250,000 stock options to certain officers and employees. The options have a term of 5-years, vest one-third immediately and one-third annually thereafter and have an exercise price of \$0.47 per common share.

On November 2, 2023, the Company granted 2,281,000 stock options to certain officers, employees, and consultants. The options have a term of 5-years, vest one-third immediately and one-third annually thereafter and have an exercise price of \$0.44 per common share.

On August 9, 2023, the Company granted 915,800 stock options to certain officers and directors. The options have a term of 5-years, vest immediately and have an exercise price of \$0.58 per common share.

On May 1, 2023, the Company granted 175,000 stock options to certain employees and officers. The options have a term of 5-years, vest one-third immediately and one-third annually thereafter and have an exercise price of \$0.87 per common share.

The options outstanding at March 31, 2024 had a weighted average exercise price of \$0.48 (December 31, 2023: \$0.48), and a weighted average remaining contractual life of 3.77 years (December 31, 2023: 4.02 years). The options vest from May 2024 to May 2025. The aggregate of the estimated fair values of the options granted in the three months ended March 31, 2024 is \$Nil (Three months ended March 31, 2023: \$Nil).

The Company did not issue stock options during the three months ended March 31, 2024.

The inputs to the Black-Scholes Option Pricing model for the year ended December 31, 2023 are as follows:

	<b>2023</b>
Dividend	NIL
Expected volatility	89.6% - 90.3%
Risk-free interest rate	3.10% - 3.94%
Expected life (months)	60
Exercise price	\$0.44 - \$0.87
Spot price	\$0.44 - \$0.84
Forfeiture rate	0%

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**16. Share-based payment reserve (continued)**

Expected volatility was determined by calculating the historical volatility of similar public companies over the same period as the expected life of the options.

The Company recognized total share-based compensation expense related to stock options of \$159,563 in the three months ended March 31, 2024 (Three months ended March 31, 2023- \$152,692).

**17. Warrants**

The outstanding warrants as at March 31, 2024 and December 31, 2023 and the respective changes during the period are summarized as follows:

	Period ended March 31, 2024		Period ended December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of period	35,769,565	\$ 0.42	38,056,791	\$ 0.40
Issued during the period	-	-	603,306	1.10
Exercised during the period	-	-	(2,890,532)	0.40
Outstanding at end of period	35,769,565	\$ 0.42	35,769,565	\$ 0.42

On January 25, 2023, the Company issued 603,306 agents' warrants in relation to a private placement. The warrants vested immediately, have a term of two years, and have an exercise price of \$1.10.

Details of the warrants outstanding and exercisable as at March 31, 2024 are as follows:

Grant date	Expiry date	Number of warrants outstanding	Weighted average remaining life in years	Exercise price	Number of warrants exercisable
2022-11-04	2025-11-04	35,166,259	1.59	0.41	35,166,259
2023-01-25	2025-01-25	603,306	0.82	1.1	603,306
		35,769,565	1.58	\$ 0.42	35,769,565

Agents' warrants issued in 2023 were valued using the Black-Scholes Option Pricing Model.

The Company did not issue warrants during the three months ended March 31, 2024.

The inputs to the Black-Scholes Option Pricing model for the year ended December 31, 2023 are as follows:

	2023
Dividend	NIL
Expected volatility	82.3%
Risk-free interest rate	3.56%
Expected life (months)	24
Exercise price	\$ 1.10
Spot price	\$ 1.15
Forfeiture rate	0%

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**18. Restricted share units (“RSUs”)**

During the year ended December 31, 2021, the directors of the Company approved an RSU Plan, which contemplates the granting of RSUs to directors, senior officers, employees and consultants of the Company and its subsidiaries. The RSU Plan is intended to provide an incentive to eligible persons to acquire a proprietary interest in the Company, to continue their participation in the affairs and to increase their efforts on its behalf. The RSU Plan is administered by the Board of the Company. The RSU Plan is a “fixed” RSU plan, whereby the maximum number of common shares that may be reserved for issue and which can be issued upon the settlement of all RSUs granted under the RSU Plan was initially set at 750,000, and subsequently amended to 1,500,000.

During the year ended December 31, 2023, the Board approved an amendment to the RSU Plan (“The Amended RSU Plan”) to increase the fixed maximum number of common shares reserved for issuance under the RSU Plan from 1,500,000 to 3,000,000 common shares. The Amended RSU Plan and the grant of 315,000 RSUs under the Amended RSU Plan are subject to approval by the TSXV and ratification by the Company’s shareholders at the next annual and special meeting of shareholders.

The aggregate number of common shares reserved for issuance under the Stock Option Plan and RSU plan may not exceed 10% of the issued and outstanding common shares on the date of grant. The aggregate number of common shares reserved for issuance under the RSU plan may not exceed 3,000,000 common shares.

The Company did not issue any RSUs during the three months ended March 31, 2024.

Details of the RSUs issued during the year ended December 31, 2023 are as follows:

- On November 2, 2023, the Company granted 961,000 RSUs with a fair value of \$418,035 to certain officers and employees. The RSUs will fully vest at the end of three years from the date of the grant.
- On May 1, 2023, the Company granted 25,000 RSUs with a fair value of \$21,000 to an officer. The RSUs will fully vest at the end of three years from the date of the grant. The RSUs were issued subject to shareholder approval. Shareholder approval was received at the annual and special meeting of shareholders held on June 9th, 2023.

As of March 31, 2024, the Company had the following RSUs outstanding:

<b>Grant date</b>	<b>RSUs granted</b>	<b>Price</b>	<b>Fair value</b>	<b>Vesting date</b>
2021-05-28	93,000	\$ 0.50	\$ 46,500	2024-05-28
2021-07-27	225,000	0.36	81,000	2024-07-27
2022-11-10	510,000	0.47	239,700	2025-11-10
2023-05-01	25,000	0.84	21,000	2026-05-01
2023-11-02	961,000	\$ 0.44	\$ 418,035	2026-11-02
	<b>1,814,000</b>		<b>806,235</b>	

The Company recognized total RSU compensation expense of \$66,941 for the three months ended March 31, 2024 (Three months ended March 31, 2023 - \$30,154) within share-based compensation expense.

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**19. Expenses by nature**

Certain expenses are presented on the face of the consolidated statements of operations and comprehensive loss using a classification based on the functions exploration and evaluation, property maintenance and general and administrative.

**Salaries and wages**

Total salaries, wages and related costs paid or accrued in the three months ended March 31, 2024 amounted to \$769,922 (Three months ended March 31, 2023 - \$347,580). Key management salaries, wages, and related costs of \$568,850 were paid or accrued to key management personnel during the period (Three months ended March 31, 2023 - \$223,522). The Company's key management personnel include executives, directors, and officers.

During the three months ended March 31, 2024 and 2023, salaries, wages, and related costs were allocated to the following expense categories:

	<b>Three months ended Mar. 31, 2024</b>	<b>Three months ended Mar. 31, 2023</b>
General and administrative	\$ 615,420	\$ 223,522
Exploration and evaluation	152,144	110,735
Property maintenance	2,358	13,323
	<b>\$ 769,922</b>	<b>\$ 347,580</b>

**General and administrative expenses**

During the three months ended March 31, 2024 and 2023, general and administrative expenses consisted of the following:

	<b>Three months ended Mar. 31, 2024</b>	<b>Three months ended Mar. 31, 2023</b>
General office and administrative	\$ 118,799	\$ 49,511
Management compensation <sup>(1)</sup>	584,850	275,522
Investor relations	107,134	100,453
	<b>\$ 810,783</b>	<b>\$ 425,486</b>

Management compensation consists of management salaries, wages and related costs, and consulting fees paid to key management and related corporations (note 22).

**20. Segmented information**

The Company operates in one reportable operating segment, being the acquisition, exploration and development of mineral properties. The Company's assets are located in Canada.

**21. Related party transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, and related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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**21. Related party transactions (continued)**

During the year, the Company entered into various transactions with related parties. The transactions are measured at the exchange amounts which are the amounts of consideration established between the related parties.

Key management consists of the Company's executives, directors, and officers. The Company considers any member of key management to be a related party.

Compensation to related parties during the three months ended March 31, 2024 and 2023 is summarized as follows:

	<b>Three months ended Mar. 31, 2024</b>	<b>Three months ended Mar. 31, 2023</b>
Salaries, consulting and management fees <sup>(1)</sup>	<b>\$ 602,522</b>	\$ 247,520
Share-based compensation <sup>(2)</sup>	<b>195,989</b>	126,392
<b>Total remuneration</b>	<b>\$ 798,511</b>	<b>\$ 373,912</b>

(1) Salaries, consulting and management fees represent CEO, CFO, Vice President, and Director compensation.

- a. Derrick Weyrauch was a related party to the Company and is related to Weyrauch and Associates Inc. In the three months ended March 31, 2024, \$Nil (Three months ended March 31, 2023 - \$22,500) was paid or accrued to Weyrauch and Associates Inc. while Derrick Weyrauch was a related party to the Company, and there was \$Nil outstanding at March 31, 2024 (December 31, 2023 - \$Nil).
- b. David King, Senior Vice President, Technical Services, is a related party to the Company and is related to King Geoscience. In the three months ended March 31, 2024, \$16,000 (Three months ended March 31, 2023 - \$52,000) was paid or accrued to King Geoscience while David King was a related party to the Company, and there was \$Nil outstanding at March 31, 2024 (December 31, 2023 - \$Nil).
- c. Derek Teevan, Vice President, ESG, is a related party to the Company and is related to AS Williams Consulting. In the three months ended March 31, 2024, \$52,000 (Three months ended March 31, 2023 - \$28,000) was paid or accrued to AS Williams Consulting while Derek Teevan was a related party to the Company, and there was \$27,120 outstanding at March 31, 2024 (December 31, 2023 - \$Nil).

(2) Share-based compensation represents stock option issuance to executives, officers, and directors.

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**22. Capital management**

The Company's objectives in managing its capital are as follows:

- To safeguard its ability to continue as a going concern; and
- To have sufficient capital to be able to meet its strategic objectives including the continued exploration and development of its existing mineral projects and the identification of additional projects.

Given the current exploration stage of its projects, the Company's primary source of capital is derived from equity issuances. As at March 31, 2024, capital consists of equity attributable to common shareholders of \$45,784,084 (December 31, 2023 - \$45,784,084).

The Company has no externally imposed capital requirements and manages its capital structure in accordance with its strategic objectives and changes in economic conditions. In order to maintain or adjust its capital structure, the Company may issue new shares in the form of private placements and/or secondary public offerings.

Additional information relating to going concern is disclosed in note 1.

There has been no change in the Company's approach to capital management in the three months ended March 31, 2024.

**23. Financial instruments**

**Carrying value and fair value**

The Company's financial instruments comprise cash, restricted cash, accounts receivable, investments, due to related parties, and accounts payable and accrued liabilities.

Financial instruments recognised at fair value on the consolidated statement of financial position are classified in fair value hierarchy levels as follows:

- Level 1: Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques based on inputs other than Level 1 quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
- Level 3: Valuation techniques with unobservable market inputs (involves assumptions and estimates by management).

Cash, accounts receivable and restricted cash are recorded in the consolidated financial statements at amortized cost.

Accounts payable and accrued liabilities, and term loan are classified as other financial liabilities and are recorded in the consolidated financial statements at amortized cost. Deferred acquisition cost is classified as an other financial liability and is recorded in the consolidated financial statements as FVTPL.

**Fair value**

The carrying values of cash, and accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity.

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**23. Financial instruments (continued)**

**Financial risk factors**

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk, foreign exchange risk, and interest rate risk.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash, accounts receivable, investments, and restricted cash. The carrying value of the Company's financial assets recorded in the consolidated financial statements represents the Company's maximum exposure to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables mainly consist of sales tax receivable due from the Government of Canada. Management believes the credit risk is low.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

**Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and therefore, currently, has limited exposure to foreign exchange risk arising from transactions denominated in foreign currencies. Other than Canadian dollar balances, the Company holds balances in cash and royalties payable that are denominated in US\$ as outlined below. Accordingly, the Company is subject to foreign exchange risk relating to such balances in connection with fluctuations against the Canadian dollar. The Company has no program in place for hedging foreign currency risk.

The Company held the following foreign currency denominated balances as at March 31, 2024 and December 31, 2023:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>
Cash (US \$)	\$ 2,056	\$ 2,068
Accrued liabilities (US \$)	<b>(346,628)</b>	(346,628)
	<b>(344,572)</b>	(344,560)
Foreign exchange rate	<b>1.36</b>	1.32
Equivalent in Canadian dollars (\$)	<b>\$ (468,618)</b>	\$ (454,819)

Based on the balances held as at March 31, 2024, a 10% change in the Canadian dollar per US dollar exchange rates would have resulted in an increase or decrease in the net loss for the period then ended of approximately \$46,900 (December 31, 2023: \$45,500).

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. While the Company's financial assets are generally not exposed to significant interest rate risk because of their short-term nature, changes in interest rates will have a corresponding impact on interest income realised on such assets.

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**(Expressed in Canadian dollars)**  
**For the three months ended March 31, 2024 and 2023**

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**23. Financial instruments (continued)**

The Company did not have any interest-bearing liabilities outstanding as at March 31, 2024 and December 31, 2023.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company has a limited exposure to other price risk.

**24. Commitments and contingencies**

**Flow-through expenditures**

In connection with financings completed by the issuance of flow-through shares (see note 14), the Company provides subscribers with an indemnification for any tax liability that may arise if the Company is found to have not incurred the qualifying exploration expenditures in accordance with the flow-through subscription agreements. The Company's remaining flow through spending obligation is \$6,147,783 as at March 31, 2024 (December 31, 2023 - \$8,248,368), of which 100% is required to be spent before December 31, 2024.

**Bonuses**

As at March 31, 2024, conditional bonuses of \$224,818 have been approved by the Board, and will be paid out if and when financing is obtained during the year ended December 31, 2024.

**25. Subsequent event**

**Warrant exercises**

Subsequent to March 31, 2024, 129,500 common shares were issued upon warrants exercised for proceeds of \$52,448.