

# MAGNA MINING INC. (FORMERLY CT DEVELOPERS LTD.)

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

## **Condensed Interim Consolidated Financial Statements**

For the Three and Nine Months Ended September 30, 2022 and 2021

## **Index**

NOTICE OF NON-REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Statements of Financial Position

Statements of Operations and Comprehensive Loss

Statements of Cash Flows

Statements of Changes in Shareholders' Equity

Notes to the Condensed Interim Consolidated Financial Statements

## **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 consolidated interim 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 and nine months ended September 30, 2022 and 2021 have not been reviewed by the Company's auditors.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Condensed Interim Consolidated Statements of Financial Position**  
**As at September 30, 2022 and December 31, 2021**  
**(Expressed in Canadian dollars)**

	Notes	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 2,310,170	\$ 5,682,332
Funds held in escrow	7	20,014,792	-
Accounts receivable		288,542	502,923
Prepaid expenses		108,358	45,522
Deferred financing costs	13	84,496	-
<b>Total current assets</b>		<b>22,806,358</b>	<b>6,230,777</b>
<b>Non-current</b>			
Restricted cash	6	657,938	657,618
Equipment	8	57,509	52,636
Right of use asset	8	33,105	47,924
<b>Total non-current assets</b>		<b>748,552</b>	<b>758,178</b>
<b>Total assets</b>		<b>\$ 23,554,910</b>	<b>\$ 6,988,955</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	10	\$ 1,407,939	\$ 872,891
Subscription receipts payable	7	20,014,792	-
Exploration advance	9a	-	260,670
Flow-through premium payable		86,312	332,704
<b>Total current liabilities</b>		<b>21,509,043</b>	<b>1,466,265</b>
<b>Non-current</b>			
Asset retirement obligation	11	711,343	698,170
Right of use lease		35,691	49,466
Term loan	12	29,674	28,708
<b>Total non-current liabilities</b>		<b>776,708</b>	<b>776,344</b>
<b>Total liabilities</b>		<b>22,285,751</b>	<b>2,242,609</b>
<b>Shareholders' Equity (Deficiency)</b>			
Share capital	13	13,287,816	13,287,816
Share-based payment reserve	15, 17	1,247,236	1,151,558
Warrants reserve	16	1,340,663	1,340,663
Deficit		(14,606,556)	(11,033,691)
<b>Total shareholders' equity (deficiency)</b>		<b>1,269,159</b>	<b>4,746,346</b>
<b>Total shareholders's equity and liabilities</b>		<b>\$ 23,554,910</b>	<b>\$ 6,988,955</b>

"Jason Jessup" Director

"Derrick Weyrauch" Director

See accompanying notes to the consolidated financial statements

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss**  
**For the three and nine months ended September 30, 2022 and 2021**  
**(Expressed in Canadian dollars)**

		Three months ended		Nine months ended	
	Notes	September 30 2022	September 30 2021	September 30 2022	September 30 2021
<b>Operating expenses</b>					
Exploration and evaluation		\$ 551,712	\$ 1,681,628	\$ 2,182,830	\$ 3,096,141
General and administrative	18	217,961	202,207	675,999	450,506
Listing costs		-	-	-	1,255,151
Share-based compensation	15, 17	22,814	45,043	95,678	388,503
Professional fees		192,171	40,552	634,618	116,182
Marketing and promotion		2,764	40,126	18,020	131,406
Property maintenance		31,518	37,669	142,919	140,466
Accretion of asset retirement obligation		4,419	4,310	13,173	12,849
Depreciation		7,995	7,498	22,199	9,033
Total operating expenses		<b>1,031,354</b>	2,059,033	<b>3,785,436</b>	5,600,237
<b>Other income</b>					
Foreign exchange gain (loss)		(28,037)	(12,540)	(35,072)	(836)
Flow-through premium	13	84,209	-	246,393	10,853
Other		-	-	-	40,499
Interest		761	118	1,250	1,269
Total other income (loss)		<b>56,933</b>	(12,422)	<b>212,571</b>	51,785
<b>Net and comprehensive loss</b>		<b>\$ 974,421</b>	\$ 2,071,455	<b>\$ 3,572,865</b>	\$ 5,548,452
<b>Basic loss per common share</b>	14	<b>\$ 0.014</b>	\$ 0.032	<b>\$ 0.050</b>	\$ 0.101
<b>Weighted average number of outstanding shares</b>					
Basic		<b>71,753,906</b>	64,219,304	<b>71,753,906</b>	55,076,778

See accompanying notes to the condensed consolidated interim financial statements

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)**  
**For the nine months ended September 30, 2022 and 2021**  
**(Expressed in Canadian dollars)**

	Number of shares	Share capital	Share-based payment reserve	Warrants reserve	Deficit	Total equity (deficiency)
Balance at December 31, 2020	44,069,049	\$ 4,614,474	\$ 559,269	\$ 263,018	\$ (4,270,725)	\$ 1,166,036
Net and comprehensive loss for the period	-	-	-	-	(5,548,452)	(5,548,452)
Share issuance costs adjustment	-	(5,360)	-	-	-	(5,360)
Exercise of subscription receipts	17,501,250	5,703,748	-	703,590	-	6,407,338
Corporate finance fee	262,518	-	-	-	-	-
Acquisition of CT Developers Ltd.	2,004,612	801,845	-	-	-	801,845
Options exercised	381,875	77,451	(50,963)	-	-	26,488
Options issued	-	-	312,542	-	-	312,542
Share based payment reserves	-	-	75,961	-	-	75,961
Warrants reserve	-	(494,888)	-	231,870	-	(263,018)
Balance at September 30, 2021	64,219,304	\$ 10,697,270	\$ 896,809	\$ 1,198,478	\$ (9,819,177)	\$ 2,973,380
Balance at December 31, 2021	71,753,906	\$ 13,287,816	\$ 1,151,558	\$ 1,340,663	\$ (11,033,691)	\$ 4,746,346
Net and comprehensive loss for the period	-	-	-	-	(3,572,865)	(3,572,865)
Share-based compensation	-	-	95,678	-	-	95,678
<b>Balance at September 30, 2022</b>	<b>71,753,906</b>	<b>\$ 13,287,816</b>	<b>\$ 1,247,236</b>	<b>1,340,663</b>	<b>\$ (14,606,556)</b>	<b>\$ 1,269,159</b>

See accompanying notes to the condensed consolidated interim financial statements

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars)**  
**For the nine months ended September 30, 2022 and 2021**

	September 30, 2022	September 30, 2021
<b>Operating activities</b>		
Net and comprehensive loss for the period	\$ (3,572,865)	\$ (5,547,352)
Items not requiring an outlay of cash:		
Depreciation of equipment	7,380	2,478
Depreciation of right of use assets	14,819	5,453
Flow through premium	(246,393)	(10,853)
Unrealized foreign exchange loss (gain)	35,072	836
Share-based compensation	95,678	388,503
Share issued to acquire claims	-	-
Accretion of asset retirement obligation	13,173	12,849
Interest income	(320)	(263)
Forgiveness of term loan and other	966	-
Interest on right of use lease	2,192	-
Accretion on term loan	-	925
Non-cash listing costs	-	750,959
	<b>(3,650,298)</b>	<b>(4,396,465)</b>
<b>Net change in non-cash working capital balances</b>		
Accounts receivable	214,381	(471,413)
Prepaid expenses	(62,836)	(41,778)
Accounts payable and accrued liabilities	499,977	354,034
Net change in non-cash working capital balances	<b>651,522</b>	<b>(159,157)</b>
Net cash used in operating activities	<b>(2,998,776)</b>	<b>(4,555,622)</b>
<b>Financing activities</b>		
Deferred financing costs	(84,496)	128,174
Payment of lease	(15,967)	(5,657)
Issuance of common shares, net of costs	-	6,401,978
Proceeds from exercise of options	-	26,488
Cash provided by (used in) financing activities	<b>(100,463)</b>	<b>6,550,983</b>
<b>Investing activities</b>		
Purchase of equipment	(12,253)	(7,513)
Exploration advance received	-	-
Exploration advance utilized	(260,670)	-
Cash received on acquisition of CT Developers Ltd.	-	75,441
Cash provided by (used in) investing activities	<b>(272,923)</b>	<b>67,928</b>
Increase (decrease) in cash during the year	<b>(3,372,162)</b>	<b>2,063,289</b>
Cash at the beginning of the period	<b>5,682,332</b>	<b>1,520,933</b>
<b>Cash at the end of the period</b>	<b>\$ 2,310,170</b>	<b>\$ 3,584,222</b>
<b>Supplemental disclosures with respect to cash flows</b>		
Cash paid during the year for income taxes	\$ -	\$ -
Cash paid during the year for interest	-	-
<b>Non-cash items:</b>		
Warrants issued	-	1,095,651

See accompanying notes to the consolidated financial statements

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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 and nine months ended September 30, 2022 and 2021**

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**1. Reporting entity**

Magna Mining Inc. (formerly CT Developers Ltd.) (the “Company”) 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 (“CPC”). Effective August 19, 2014, the Company’s common share listing was transferred to the NEX Board of the TSXV.

As a CPC, the Company’s business objective was to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange.

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 (now Magna Mining Inc.). (see note 3) Trading on the TSX Venture Exchange commenced May 11, 2021 under the symbol NICU and the name Magna Mining Inc. (formerly CT Developers Ltd.)

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 consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 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 nine months ended September 30, 2022, the Company reported a net loss of \$3,572,865 (Nine months ended September 30, 2021 - \$5,548,452), and as at that date had net working capital of \$1,297,315 (December 31, 2021 - \$4,764,512) and an accumulated deficit of \$14,606,556 (December 31, 2021 - \$11,033,691).

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 consolidated interim 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.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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**1. Reporting entity (continued)**

**Covid-19**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Company's operations and the ability to finance its operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at this time. Additionally, it is possible that estimates in the Company's consolidated financial statements will change in the near term as a result of COVID-19. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

**2. Basis of presentation**

**(a) Statement of compliance**

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued 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, 2021. 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, 2022.

The Board of Directors authorized these consolidated interim financial statements for issuance on November 23, 2022.

**(b) Basis of consolidation**

These financial statements include the accounts of Magna Mining (Canada) Corp. (Formerly Magna Mining Corp.) and its 100% owned subsidiary Ursa Major Minerals 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.

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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 and nine months ended September 30, 2022 and 2021**

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

**(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, 2021 annual financial statements, other than as noted below. The notes presented in these interim condensed 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, 2021 and for the year then ended.

**(d) Functional and presentation currency**

Management is required to assess the functional currency of Magna Mining (Canada) Corp. and Ursa Major Minerals Inc. In concluding the functional currencies of the parent and its subsidiary company, 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 Magna Mining (Canada) Corp. 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 summarised 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 estimate as at September 30, 2022 and 2021 relates to the asset retirement obligation.

***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 income tax assets.

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**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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**3. Significant 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, 2021.

**4. Recent accounting pronouncements**

**New standards and interpretations**

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

In January 2020, the IASB issued Classification of Liabilities as Current or Non-current ("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, 2022, with earlier application permitted.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued Onerous Contracts – Cost of Fulfilling a Contract ("Amendments to IAS 37") amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

The Company does not expect these amendments to have a material impact on the consolidated financial statements in the period of initial application.

**5. Qualifying transaction**

On October 26, 2020, CT entered into an Arrangement (the "Arrangement") agreement with MMCC, whereby:

- a) CT would acquire all of the issued and outstanding shares of MMCC; and
- b) CT would change its name to "Magna Mining Inc." ("MMI")

On February 10, 2021, CT and MMCC finalized a definitive agreement for the transaction.

On May 4, 2021, the Arrangement was completed and the former shareholders of MMCC acquired control of CT (now Magna Mining Inc.).

MMCC is deemed to be the acquirer and CT is deemed to be the acquiree for accounting purposes.

The purchase price is the cost to acquire CT's share capital at the fair value at the time of the transaction. The fair value is calculated as \$801,845, being the cost of acquiring 2,004,612 shares at \$0.40 per share, being the fair value of MMCC concurrent financing, after giving effect to the 1.625 conversion ratio. All CT stock options were exercised immediately prior to completion of the Arrangement and therefore no fair value was assigned to stock options.

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**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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**5. Qualifying transaction (continued)**

The assets and liabilities of CT are included in the consolidated statement of financial position and are presented at their fair value, which is equal to their carrying value. The pre-acquisition equity of CT was eliminated on consolidation. The excess of the amount paid over the fair value of the net assets acquired of \$750,959 has been charged to profit or loss as a listing expense. The excess was calculated as follows:

Fair value of consideration	
2,004,612 common shares at \$0.40 per share	\$ 801,845
<b>Total consideration</b>	<b>801,845</b>
Net assets acquired	
Cash	75,441
Trade and other payables	(24,555)
<b>Net assets</b>	<b>50,885</b>
<b>Excess of consideration over net assets acquired</b>	<b>\$ 750,959</b>

The share price of \$0.40 was based on the concurrent financing price of \$0.65 adjusted for the pre-conversion price ratio of 1.625.

**6. 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 September 30, 2022, the deposit plus accrued interest amounted to \$657,938 (December 31, 2021: \$657,618).

**7. Funds held in escrow**

On September 29, 2022, the Company completed its private placement offering of 74,128,860 subscription receipts ("Subscription Receipts") at a subscription price of \$0.27 per subscription receipt for aggregate gross proceeds of approximately \$20,014,792. The offering was conducted on a non-brokered private placement basis.

The Subscription Receipt proceeds have been recorded as subscription receipts payable pending various Escrow Release Conditions being satisfied, including the closing of the Corporations acquisition of Lonmin Canada Inc. ("Loncan") that took place on November 7, 2022. The funds held in escrow were released and shares were issued on November 7, 2022, as further described in Note 24.

In connection with the Offering, upon satisfaction of all Escrow Release Conditions, the Corporation paid an aggregate cash finder's fees of \$738,120 to Paradigm Capital Inc., Canaccord Genuity Corp., Dundee Goodman Merchant Partners, Research Capital Corporation, Lakeshore Securities Inc., Echelon Wealth Partners Inc., and Haywood Securities Inc. as consideration for the provision of certain finder services to the Corporation.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

**8. Property and equipment**

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

	Computer equipment	Fencing	Equipment	Motor vehicles	Right of use asset	Office Furniture	Total
<b>a) Cost</b>							
At December 31, 2021	\$ 6,104	\$ 44,689	\$ 10,790	\$ 10,600	\$ 59,491	\$ -	\$ 131,674
Additions	-	-	-	11,903	-	350	\$ 12,253
<b>At September 30, 2022</b>	<b>\$ 6,104</b>	<b>\$ 44,689</b>	<b>\$ 10,790</b>	<b>\$ 22,503</b>	<b>\$ 59,491</b>	<b>\$ 350</b>	<b>\$ 143,927</b>
<b>b) Accumulated depreciation</b>							
At December 31, 2021	\$ 1,302	\$ 7,486	\$ 5,731	\$ 5,028	\$ 11,567	\$ -	\$ 31,114
Depreciation	1,523	1,669	1,354	2,751	14,819	83	\$ 22,199
<b>At September 30, 2022</b>	<b>\$ 2,825</b>	<b>\$ 9,155</b>	<b>\$ 7,085</b>	<b>\$ 7,779</b>	<b>\$ 26,386</b>	<b>\$ 83</b>	<b>\$ 53,313</b>
<b>c) Carrying amounts (a-b)</b>							
At December 31, 2021	\$ 4,802	\$ 37,203	\$ 5,059	\$ 5,572	\$ 47,924	\$ -	\$ 100,560
<b>At September 30, 2022</b>	<b>\$ 3,279</b>	<b>\$ 35,534</b>	<b>\$ 3,705</b>	<b>\$ 14,724</b>	<b>\$ 33,105</b>	<b>\$ 267</b>	<b>\$ 90,614</b>

**9. Mineral properties**

The Company's primary mineral property is the Shakespeare Mine.

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 a 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.

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

During the year ended December 31, 2021, the Company entered into a transaction with a third party whereby \$282,500 was provided to the Company for use in an exploration program targeting the Palladium Valley target area, located in the north central portion of the Shakespeare property. The Exploration program was to be completed prior to May 1, 2022. In exchange, the Company is to make available to the third party all records and data with respect to the exploration program, and the third party had the exclusive and discretionary right to enter into a definitive formal exploration and option agreement within 30 days of the end of the exploration period. The funds remaining to be spent as at September 30, 2022 is \$Nil (December 31, 2021 - \$260,670).

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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 and nine months ended September 30, 2022 and 2021**

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**9. Mineral properties (continued)**

**b) Stumpy Bay Property**

The Company owns a 84% interest in three 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 Returns 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.

**c) Porter Baldwin Property**

The Company has staked 62 mining claims in the Agnew Lake area that are contiguous with the Shakespeare Mine noted above and are 100% owned by the Company.

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

**d) 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.

**e) Shining Tree Property**

The Company has a 100% interest in 39 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 a 0.5% Net Smelter Return Royalty of which 100% can be repurchased by the Company for \$250,000.

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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 and nine months ended September 30, 2022 and 2021**

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**9. Mineral properties (continued)**

**f) Spanish River Option**

The Company has a 100% interest in 7 claim units located in Baldwin Township, Ontario collectively known as the Spanish River Option.

On November 2, 2020, Magna entered into an option to purchase agreement with 2060014 Ontario Inc. to acquire 100% of 7 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 25,000 shares of Magna. The cash balance has been paid.
- Before the 1st anniversary date of signing (November 2, 2021): \$14,000 cash and 25,000 shares of Magna. The cash balance has been paid.
- Before the 2nd anniversary date of signing (November 2, 2022): \$25,000 cash and 25,000 shares of Magna.
- Before the 3rd anniversary date of signing (November 2, 2023): \$30,000 cash and 25,000 shares of Magna.

Magna will be required to complete cumulative exploration expenditures totaling \$100,000 prior to the third anniversary date of signing. The Optionor will retain a 1.5% NSR royalty of which Magna can repurchase 50% (0.75%) for \$1,000,000 at any time.

**10. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities consist of:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Trade accounts payable	\$ 719,833	\$ 349,271
Accrued liabilities and other payables	688,106	523,620
	<b>\$ 1,407,939</b>	<b>\$ 872,891</b>

**11. 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 mineral properties 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 \$711,343 at September 30, 2022 (December 31, 2021 - \$698,170), using an inflation rate of 2.50% (2020 - 2.50%) and a discount rate of 2.70% (2020 - 2.70%) over the period of 7 years.

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

Balance, December 31, 2020	\$ 680,985
Accretion	17,185
Balance, December 31, 2021	\$ 698,170
Accretion	13,173
<b>Balance, September 30, 2022</b>	<b>\$ 711,343</b>

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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 and nine months ended September 30, 2022 and 2021**

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**12. Term loan**

On April 17, 2020, the Company received a \$40,000 loan under the Canada Emergency Business Account (“CEBA”) program. The loan is guaranteed by the Canadian government, unsecured, and interest-free through December 31, 2023. \$10,000 is eligible for forgiveness, contingent on the Company repaying \$30,000 on or before December 31, 2023. 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 isn’t repaid on or before December 31, 2023, \$40,000 (including the forgivable amount) will 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. As at September 30, 2022, the principal balance owing on the loan was \$40,000 (December 31, 2021 - \$40,000).

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.

The loan was fair valued and the difference of \$3,712 between the proceeds and fair value was recognized in the profit or loss in 2020.

**13. Issued share capital**

The authorized share capital of the Company is comprised of unlimited number of common shares without par value.

On February 12, 2021, the Company completed a private placement of 17,501,250 subscription receipts (“Subscription Receipts”) at a price of \$0.40 per Subscription Receipt for gross proceeds of \$7,000,500. Each Subscription Receipt was exchanged, without payment of any consideration in addition to the purchase price, for one common share and one-half of one warrant of the Company (“Magna Unit”). Proceeds from shares and warrants are allocated between share capital and warrants on a residual value basis, whereby the fair value of the warrants is determined using a Black-Scholes Option Pricing model (as described in note 16) and the fair value of share capital is based on the remaining residual value.

On May 4, 2021, concurrent with the completion of the Qualifying Transaction (see note 3), Magna Units were exchanged for the underlying 17,501,250 common shares and 8,750,625 warrants and net cash proceeds of \$6,426,763 were released from Escrow and provided to the Company.

Subscription Receipt issue costs included agent’s fee of 6% of specific gross proceeds paid in cash of \$408,488, legal fees of \$129,000, a corporate finance fee of 1.5% payable in Subscription Receipts of 262,518 shares and 131,259 warrants. Proceeds from shares and warrants are allocated between share capital and warrants on a residual value basis, whereby the fair value of the warrants is determined using a Black-Scholes Option Pricing model and the fair value of share capital is based on the remaining residual value.

On October 26, 2021, the Company completed the first tranche of a non-brokered private placement. This tranche consisted of 5,888,900 flow-through common shares at a price of \$0.45 per share for gross proceeds of \$2,650,005, of which \$2,355,560 was allocated to share capital and \$294,445 was allocated to flow-through premium.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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

On November 3, 2021, the Company completed the second and final tranche of the private placement. This tranche consisted of 1,107,800 flow-through common shares at a price of \$0.45 per share for gross proceeds of \$498,510, of which \$443,120 was allocated to share capital and \$55,390 was allocated to flow-through premium.

Finders' fee of 497,277 common shares were paid in connection with this flow through private placement financing at a price of \$0.40 per share, for a total of \$198,911. Cash financing fees of \$82,199 were incurred with respect to the private placement.

On September 29, 2022, the Company completed a private placement of 74,128,860 subscription receipts at a subscription price of \$0.27 per subscription receipt ("Subscription Receipts") for gross proceeds of approximately \$20,014,792. Each Subscription Receipt is to be exchanged, without payment of any consideration in addition to the purchase price, for one common share and one-half of one common share purchase warrant of the Corporation, with each full-warrant entitling the holder thereof to purchase one additional Common Share at a price of \$0.405 per Common Share for a period of three years following the date of issue of the warrants.

Cash finders' fees of \$738,120 were expected to be paid in connection with the financing. As at September 30, 2022, deferred financing costs related to the financing of \$84,496 had been recorded.

As at September 30, 2022, the Subscription Receipts had not been issued, and the proceeds of the private placement were held in escrow pending various Escrow Release Conditions being satisfied, including the closing of the Corporation's acquisition of Lonmin Canada Inc. ("Loncan") which occurred on November 4, 2022. The funds held in escrow were released and shares were issued on November 4, 2022, as further described in Note 24.

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

The calculation of basic and diluted loss per share for the nine months ended September 30, 2022 was based on the loss attributable to common shareholders of \$3,178,807 (Nine months ended September 30, 2021 - \$5,600,237) and the weighted average number of common shares outstanding of 71,753,906 (Nine months ended September 30, 2021 - 55,076,778).

**15. Stock options**

The Company has a share option plan for certain employees, directors and consultants and each such share option converts into one ordinary share of the Company on exercise. Details of the stock options issued and exercised during the period are as follows:

	September 30, 2022		September 30, 2021	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at the beginning of period	5,465,000	\$ 0.31	4,346,875	\$ 0.23
Issued during the period	-	-	925,000	0.50
Exercised during the period	-	-	(381,875)	0.07
Outstanding at end of period	5,465,000	\$ 0.31	4,890,000	\$ 0.30
Vested and exercisable	5,160,829	\$ 0.31	4,281,663	\$ 0.28

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

As at September 30, 2022, the Company had outstanding and exercisable stock options as follows:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Numbers of options outstanding</b>	<b>Weighted average remaining life in years</b>	<b>Exercise Price</b>	<b>Number of options exercisable</b>
2018-01-08	2023-01-08	325,000	0.27	\$ 0.06	325,000
2018-10-01	2023-10-01	325,000	1.00	0.22	325,000
2019-11-29	2022-11-28	893,750	0.16	0.34	893,750
2020-11-06	2023-12-07	1,625,000	1.19	0.22	1,625,000
2020-11-06	2023-11-06	308,750	1.10	0.28	308,750
2020-11-06	2023-11-06	487,500	1.10	0.31	324,999
2021-05-28	2026-05-28	925,000	3.66	0.50	783,330
2021-12-23	2026-12-23	575,000	4.23	0.40	575,000
		<b>5,465,000</b>	<b>1.68</b>	<b>\$ 0.31</b>	<b>5,160,829</b>

On May 28, 2021, the Company granted 925,000 stock options to certain employees, directors, and consultants. 500,000 of these stock options have a term of 5-years, vest immediately and have an exercise price of \$0.50 per common share, and 425,000 stock options have a term of 5-years, vest one-third immediately and one-third annually thereafter and have an exercise price of \$0.50 per common share.

On December 23, 2021, the Company granted 575,000 stock options to certain directors and officers. The options have a term of 5-years, vest immediately, and have an exercise price of \$0.40 per common share.

The options outstanding at September 30, 2022 had a weighted average exercise price of \$0.31 (December 31, 2021: \$0.31), and a weighted average remaining contractual life of 1.68 years (December 31, 2021: 2.43 years). The options vest from November 2022 to November 2024. The aggregate of the estimated fair values of the options granted in the Nine months ended September 30, 2022 is \$Nil (Nine months ended September 30, 2021: \$450,547).

The weighted average inputs to the Black-Scholes Option Pricing model are as follows:

	<b>2022</b>	<b>2021</b>
Dividend	-	NIL
Expected volatility	-	145.00%
Risk-free interest rate	-	1.25%
Expected life (months)	-	60
Exercise price	- \$	0.50
Spot price	- \$	0.54

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 stock-based compensation expense of \$63,920 in the nine months ended September 30, 2022 (Nine months ended September 30, 2021- \$378,396).

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

**16. Warrants (continued)**

**16. Warrants**

On October 26, 2020, the Company issued 3,000,000 common share purchase warrants (the "Magna Warrants"), to consultants as consideration for services, on terms which include: (i) a vesting provision such that the Magna Warrants shall not vest unless a qualifying transaction (note 3) and prior to or concurrent with the closing of the qualifying transaction, an offering of units occurs, for minimum aggregate gross proceeds of \$5,000,000. Exercise of the Magna Warrants was conditional on the Magna Warrant holders entering into lock-up agreements. Each Magna Warrant was exercisable to acquire, one common share at a price of \$0.10 per share at any time prior to October 26, 2022. On completion of the qualifying transaction, each Magna Warrant issued to the Consultants was exchanged for CT Exchange Warrants on the basis of the Exchange Ratio (such warrants referred to as Resulting Issuer Warrants following the Closing). Based on the existing terms of the Magna Warrants, after giving effect to the Exchange Ratio, the Consultants would receive an aggregate of 4,875,000 Resulting Issuer Warrants in connection with the transaction, each Resulting Issuer Warrant entitling the holder thereof to acquire one Resulting Issuer Share at an effective exercise price of \$0.06 per share. However, prior to and as a condition to completion of the Arrangement (see note 3), as required by the TSX Venture Exchange, the Company amended the warrant certificates issued to the Consultants such that an aggregate of no more than 4,209,405 Resulting Issuer Warrants would be issued to the Consultants, with an effective exercise price of \$0.40 per Resulting Issuer Share.

On May 28, 2021, the Company issued 9,874,250 warrants in relation to the subscription receipt transaction. 8,881,884 of these warrants were in exchange for subscription receipts, have a term of 2-years, vest immediately and have an exercise price of \$0.615 per common share, and 992,366 were broker warrants, have a term of 2-years, vest immediately and have an exercise price of \$0.40 per common share.

The outstanding warrants as at September 30, 2022 and 2021 and the respective changes during the year are summarised as follows:

	<b>September 30, 2022</b>		<b>September 30, 2021</b>	
	<b>Number of warrants</b>	<b>Weighted average exercise price</b>	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Outstanding beginning of period	<b>14,083,655</b>	<b>\$ 0.54</b>	4,209,405	0.40
Issued during the period	-	-	9,874,250	0.59
Exercised during the period	-	-	-	-
Outstanding end of period	<b>14,083,655</b>	<b>\$ 0.54</b>	14,083,655	0.54
Vested and exercisable	<b>14,083,655</b>	<b>0.54</b>	<b>14,083,655</b>	<b>0.54</b>

The warrants outstanding at September 30, 2022 had a weighted average exercise price of \$0.54 (September 30, 2021 - \$0.54), and a weighted average remaining contractual life of 0.44 years (September 30, 2021 – 1.44). The aggregate of the estimated fair values of the warrants granted in the nine months ended September 30, 2022 is \$Nil (Nine months ended September 30, 2021 - \$494,888).

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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 and nine months ended September 30, 2022 and 2021**

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**16. Warrants (continued)**

The weighted average inputs to the Black-Scholes Option Pricing model are as follows:

	<b>2022</b>	<b>2021</b>
Expected volatility	-	85%
Risk-free interest rate	-	0.31%
Expected life (months)	-	24
Exercise price	-	\$ 0.40 - \$.62
Spot price	-	\$ 0.58

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

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

During the year ended December 31, 2021, the directors of the Company approved a 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 aggregate number of 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 terms of the RSU plan allow for the issuance of one non-assessable common share only upon meeting the vesting conditions.

On May 28, 2021, the Company granted 93,000 RSUs with a fair value of \$46,500 to certain employees. The RSUs will fully vest three years from the date of the grant.

On July 27, 2021, the Company granted 225,000 RSU's with a fair value of \$81,000 to the new Vice President of Exploration. The RSUs will fully vest three years from the date of the grant.

as of September 30, 2022, the Company had outstanding RSUs as follows:

<b>RSUs</b>				
<b>Grant Date</b>	<b>Granted</b>	<b>Price</b>	<b>Fair Value</b>	<b>Vesting Date</b>
2021-05-28	93000	\$ 0.50	\$ 46,500	2024-05-28
2021-07-27	225000	\$ 0.36	\$ 81,000	2024-07-27

The Company recognized total RSU compensation expense of \$31,758 for the nine months ended September 30, 2022 (Nine months ended September 30, 2021 - \$10,107) within share based compensation expense.

**18. 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.

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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 and nine months ended September 30, 2022 and 2021**

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***Salaries and wages***

Total salaries, wages and related costs incurred in the nine months ended September 30, 2022 amounted to \$549,177 (Nine months ended September 30, 2021 - \$451,289). Salaries of \$272,500 were paid or accrued to key management personnel during the nine months ended September 30, 2022 (Nine months ended September 30, 2021 - \$162,750). The Company's key management personnel include executives, directors, and officers.

During the nine months ended September 30, 2022 and 2021, salaries, wages, and related costs were allocated to the following expense categories:

	<b>Nine months ended September 30, 2022</b>	<b>Nine months ended September 30, 2021</b>
Exploration expense	\$ 264,579	\$ 214,334
Property maintenance	51,619	47,777
General and administrative	232,979	189,178
	<b>\$ 549,177</b>	<b>\$ 451,289</b>

***General and administrative expenses***

For the nine months ended September 30, 2022 and 2021, general and administrative expenses consisted of the following:

	<b>Nine months ended September 30, 2022</b>	<b>Nine months ended September 30, 2021</b>
General office and admin	\$ 92,160	\$ 52,627
Management salary	341,135	209,178
Investor Relations	242,704	188,701
	<b>\$ 675,999</b>	<b>\$ 450,506</b>

**19. 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.

**20. 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.

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.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

Compensation to related parties during the three and nine months ended September 30, 2022 and 2021 is summarized as follows:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Salaries, consulting and management fees	\$ 128,000	\$ 94,500	\$ 412,500	\$ 309,000
Share based compensation	6,996	40,239	32,282	408,991
<b>Total remuneration</b>	<b>\$ 134,996</b>	<b>\$ 134,739</b>	<b>\$ 444,782</b>	<b>\$ 717,991</b>

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

- a. Derrick Weyrauch, CFO, is a related party to the Company and is related to Weyrauch and Associates Inc. In the nine months ended September 30, 2022, \$67,500 (Nine months ended September 30, 2021 - \$90,000) was paid or accrued to Weyrauch and Associates Inc. and there was \$Nil outstanding at September 30, 2022 (September 30, 2021 - \$Nil).
- b. Jason Jessup, CEO, is a related party to the Company and is related to Mine Management Partners Ltd. In the nine months ended September 30, 2022, \$27,920 (Nine months ended September 30, 2021 - \$13,160) was paid or accrued to Mine Management Partners Ltd. and there was \$Nil outstanding at September 30, 2022 (September 30, 2021 - \$Nil).
- c. Executives of the Company were paid \$190,000 (Nine months ended September 30, 2021 - \$208,750), Vice Presidents of the Company were paid \$186,500 (Nine months ended September 30, 2021 - \$80,250). Directors were paid \$36,000 (Nine months ended September 30, 2021 - \$20,000)

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

In the nine months ended September 30, 2022, \$19,879 was paid or accrued to officers of the company as reimbursement of miscellaneous expenses (Nine months ended September 30, 2021 - \$39,198), and there was \$Nil outstanding at September 30, 2022 (September 30, 2021 - \$Nil).

## 21. 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. Capital consists of equity attributable to common shareholders.

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 nine months ended September 30, 2022.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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**22. Financial instruments (continued)**

**22. Financial instruments**

**Carrying value and fair value**

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

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 government loan are classified as other financial liabilities and are recorded in the consolidated financial statements at amortized cost.

**Fair value**

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

**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 of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. Financial instruments that potentially subject the Company to credit risk consist of cash, accounts receivable 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. Management believes the credit risk is low.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. 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.

**Magna Mining Inc. (formerly CT Developers Ltd.)**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian dollars)**  
**For the three and nine months ended September 30, 2022 and 2021**

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**22. Financial instruments (continued)**

**Foreign exchange risk**

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 September 30, 2022 and December 31, 2021:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
Cash (US \$)	\$ 6,232	\$ 14,346
Accrued liabilities (US \$)	<b>(346,628)</b>	<b>(346,628)</b>
	<b>(340,396)</b>	<b>(332,282)</b>
Foreign exchange rate	1.37	1.27
Equivalent in Canadian dollars (\$)	\$ <b>(466,343)</b>	\$ <b>(421,998)</b>

Based on the balances held as at September 30, 2022, a 10% decrease in the Canadian dollar per US dollar exchange rates would have resulted in an increase in the net loss for the year then ended of approximately \$46,600 (December 31, 2021: \$42,200).

**Interest rate risk**

Interest rate risk is the risk that cash flows will fluctuate due to 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.

The Company did not have any interest-bearing liabilities outstanding as at September 30, 2022

**23. Commitments and contingencies**

**Environmental Contingencies**

Exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its materially in compliance with all applicable laws and regulations. Management believes that the Company has made appropriate expenditures to comply with such laws and regulations.

**Flow-Through Expenditures**

In connection with financings completed by the issuance of flow-through shares (see Note 13), 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 \$776,804 as at September 30, 2022, of which 100% is required to be spent before December 31, 2022.

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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 and nine months ended September 30, 2022 and 2021**

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**24. Subsequent events (continued)**

**24. Subsequent events**

**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 Payment") payable pro rata to each shareholder of Loncan (the "Vendors"). The Deferred Payment is payable on or before the 12-month anniversary of the closing of the Acquisition. The Corporation will use commercially reasonable efforts to settle the Deferred Payment in cash, but may, at its option, settle the Deferred Payment in common shares of the Corporation priced at the time of issue in accordance with the rules of the TSX Venture Exchange (the "TSXV"). As ongoing security pending the settlement of the Deferred Payment, the Corporation has granted a pledge of the shares of Loncan in favour of the Vendors. The Corporation 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.

In connection with the closing of the Acquisition, an advisory fee is payable to Desjardins Capital Markets in the form of a cash payment of \$100,000 plus 314,564 common shares of the Corporation (the "Advisory Fee Shares"), valued at approximately \$100,000 at a deemed price of \$0.3179 per Advisory Fee Share. The Advisory Fee Shares are subject to a four month and one day statutory hold period in accordance with applicable Canadian securities laws.

With completion of the Lonmin acquisition, the Corporation also satisfied the escrow release conditions relating to the 74,128,860 subscription receipts of the Corporation (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 Corporation and used, in part, to fund the First Payment of \$13 million payable to the Vendors in connection with the Acquisition. Each Subscription Receipt has been 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.