

MAGNA MINING INC.

(An Exploration Stage Company)

(Expressed in Canadian Dollars)

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2023 and 2022

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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 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, 2023 and 2022 have not been reviewed by the Company's auditors.

Magna Mining Inc.
Condensed Interim Consolidated Statements of Financial Position
As at September 30, 2023 and December 31, 2022
(Expressed in Canadian dollars)

	Notes	September 30 2023	December 31, 2022
ASSETS			
Current			
Cash		\$ 15,585,277	\$ 6,175,126
Accounts receivable		958,590	622,077
Prepaid expenses		150,100	107,947
Total current assets		16,693,967	6,905,150
Non-current			
Restricted cash	5	690,684	666,422
Investments	6	40,575	-
Equipment	8	101,562	96,251
Right of use asset	8	49,976	28,093
Total non-current assets		882,797	790,766
Total assets		\$ 17,576,764	\$ 7,695,916
LIABILITIES			
Current			
Deferred acquisition cost	7	\$ 2,957,400	\$ 2,645,375
Accounts payable and accrued liabilities	11, 22	1,383,349	1,651,594
Term loan	13	30,000	30,000
Right of use lease		30,408	21,195
Current portion of long term debt		448	-
Flow-through premium payable	24	3,439,061	-
Total current liabilities		7,840,666	4,348,164
Non-current			
Asset retirement obligation	12	729,294	715,789
Long term debt		301	-
Right of use lease - Non-current		21,669	9,670
Total non-current liabilities		751,264	725,459
Total liabilities		8,591,930	5,073,623
Shareholders' Equity			
Share capital	14	45,447,484	32,466,633
Share-based payment reserve	16, 18	2,213,450	1,818,268
Warrants reserve	17	1,572,122	1,340,663
Deficit		(40,248,222)	(33,003,271)
Total shareholders' equity		8,984,834	2,622,293
Total shareholders's equity and liabilities		\$ 17,576,764	\$ 7,695,916

"Jason Jessup" Director

"John Seaman" Director

See accompanying notes to the consolidated financial statements

Magna Mining Inc.
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
For the three and nine months ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2023	September 30, 2022	Nine months ended September 30, 2023	September 30, 2022
Operating expenses					
Exploration and evaluation	10, 19	\$ 2,835,058	\$ 551,712	\$ 6,504,233	\$ 2,182,830
General and administrative	19	640,142	220,928	1,505,927	675,999
Share-based compensation	16, 18	358,967	22,814	767,811	95,678
Professional fees		125,177	192,171	395,467	634,618
Property maintenance	19	141,830	31,518	324,201	142,919
Marketing and promotion		2,460	2,764	134,615	18,020
Depreciation	8	15,800	7,995	42,653	22,199
Accretion of asset retirement obligation	11	4,530	4,419	13,505	13,173
Total operating expenses		4,123,964	1,034,321	9,688,412	3,785,436
Other items					
Flow-through premium	14, 24	942,051	84,209	2,003,839	246,393
Interest income		240,930	(489)	657,139	-
Government grants	20	-	-	101,781	-
Foreign exchange gain (loss)		(9,960)	(28,037)	(5,282)	(35,072)
Interest expense	7	(109,746)	4,217	(314,016)	1,250
Total other income (loss)		1,063,275	59,900	2,443,461	212,571
Net and comprehensive loss		\$ 3,060,689	\$ 974,421	\$ 7,244,951	\$ 3,572,865
Basic loss per common share	15	\$ 0.019	\$ 0.014	\$ 0.045	\$ 0.050
Weighted average number of outstanding shares					
Basic		161,705,989	71,753,906	160,221,853	71,753,906

See accompanying notes to the condensed consolidated interim financial statements

Magna Mining Inc.
Condensed Interim Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	Number of shares	Share capital	Share-based payment reserve	Warrants reserve	Deficit	Total equity
Balance at December 31, 2022		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	16, 18	-	-	95,678	-	-	95,678
Balance at September 30, 2022		71,753,906	\$ 13,287,816	\$ 1,247,236	\$ 1,340,663	\$ (14,606,556)	\$ 1,269,159
Balance at December 31, 2022		146,912,330	\$ 32,466,633	\$ 1,818,268	\$ 1,340,663	\$ (33,003,271)	\$ 2,622,293
Net and comprehensive loss for the period		-	-	-	-	(7,244,951)	(7,244,951)
Private placements	14	10,964,186	17,949,998	-	-	-	17,949,998
Share issue costs	14	-	(1,301,096)	-	-	-	(1,301,096)
Agents' warrants	14, 17	-	(306,629)	-	306,629	-	-
Flow-through premium	14	-	(5,442,900)	-	-	-	(5,442,900)
Options exercised	14, 16	2,075,625	840,604	(372,629)	-	-	467,975
Warrants exercised	14, 17	2,890,532	1,240,874	-	(75,170)	-	1,165,704
Share-based compensation	16, 18	-	-	767,811	-	-	767,811
Balance at September 30, 2023		162,842,673	45,447,484	\$ 2,213,450	\$ 1,572,122	\$ (40,248,222)	\$ 8,984,834

See accompanying notes to the condensed consolidated interim financial statements

Magna Mining Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)
For the nine months ended September 30, 2023 and 2022

	September 30, 2023	September 30, 2022
Operating activities		
Net and comprehensive loss for the period	\$ (7,244,951)	\$ (3,572,865)
Items not requiring an outlay of cash:		
Share-based compensation	767,811	95,678
Interest on deferred acquisition costs	312,025	-
Depreciation of equipment	26,295	7,380
Depreciation of right of use assets	16,358	14,819
Accretion of asset retirement obligation	13,505	13,173
Interest on right of use lease	1,970	2,192
Interest on long term debt	21	-
Unrealized foreign exchange loss (gain)	-	35,072
Accretion on term loan	-	966
Interest on investments	(325)	-
Interest on restricted cash	(24,262)	(320)
Flow-through premium	(2,003,839)	(246,393)
	(8,135,392)	(3,650,298)
Net change in non-cash working capital balances		
Accounts receivable	(336,513)	214,381
Prepaid expenses	(42,153)	(62,836)
Accounts payable and accrued liabilities	(268,245)	499,977
Net change in non-cash working capital balances	(646,911)	651,522
Net cash used in operating activities	(8,782,303)	(2,998,776)
Financing activities		
Issuance of common shares, net of costs	16,648,902	-
Proceeds from exercise of warrants	1,165,704	-
Proceeds from exercise of options	467,975	-
Deferred financing costs	-	(84,496)
Payment of long term debt	(117)	-
Payment of lease	(18,999)	(15,967)
Cash provided by (used in) financing activities	18,263,465	(100,463)
Investing activities		
Purchase of equipment	(30,761)	(12,253)
Purchase of investments	(40,250)	-
Exploration advance utilized	-	(260,670)
Cash used in investing activities	(71,011)	(272,923)
Increase (decrease) in cash during the period	9,410,151	(3,372,162)
Cash at the beginning of the period	6,175,126	5,682,332
Cash at the end of the period	\$ 15,585,277	\$ 2,310,170
Supplemental disclosures with respect to cash flows		
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	-	-
Non-cash items:		
Non-cash share issuance costs	\$ 306,629	\$ -

See accompanying notes to the consolidated financial statements

Magna Mining Inc
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

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 (“CPC”). 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 (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.

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, 2023, the Company reported a net loss of \$7,244,951 (Nine months ended September 30, 2022 - \$3,572,865), and as at that date had net working capital of \$8,853,301 (December 31, 2022 - \$2,556,986) and an accumulated deficit of \$40,248,222 (December 31, 2022 - \$33,003,271).

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.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

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, 2022. 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, 2023.

The Board of Directors authorized these consolidated interim financial statements for issuance on November 22, 2023.

(b) Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiaries: Magna Mining (Canada) Corp., 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, 2022 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, 2022 and for the year then ended.

Certain balances on the statement of operations and comprehensive loss were reclassified to conform with current year presentation.

Magna Mining Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

2. Basis of presentation (continued)

(d) Functional and presentation currency

Management is required to assess the functional currency of Lonmin Canada Inc., 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 Lonmin Canada Inc., 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 estimates as at September 30, 2023 and 2022 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.

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, 2022.

Magna Mining Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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4. Recent accounting pronouncements

New standards and interpretations

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 and has been evaluated to have no impact on the Company for the nine months ended September 30, 2023 and 2022.

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, 2023 and has been evaluated to have no impact on the Company for the nine months ended September 30, 2023 and 2022.

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 September 30, 2023, the deposit plus accrued interest amounted to \$690,684 (December 31, 2022: \$666,422).

6. Investments

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

	September 30, 2023	December 31, 2022
Investments at fair value		
Guaranteed investment certificates	\$ 40,575	\$ -
	\$ 40,575	\$ -
Investments at cost		
Guaranteed investment certificates	\$ 40,250	\$ -
	\$ 40,250	\$ -

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.

Magna Mining Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

7. Acquisition of Lonmin Canada Inc. (continued)

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 is payable on or before the 12-month anniversary of the closing of the Acquisition. The Company will use commercially reasonable efforts to settle the deferred acquisition cost in cash, but may, at its option, settle the deferred acquisition cost in common shares of the Company priced at the time of issue in accordance with the rules of the TSXV. As ongoing security pending the settlement of the deferred acquisition cost, the Company has granted a pledge of the shares of Loncan in favour of the Vendors. 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.

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 September 30, 2023, the carrying value of the deferred acquisition cost was \$2,957,400, (December 31, 2022: \$2,645,375) and related interest expense of \$312,025 was included in profit or loss for the nine months ended September 30, 2023.

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 to the estimated fair value of the assets of Loncan is as follows:

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

With 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.

Magna Mining Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

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 assets	Office furniture	Total
a) Cost							
At December 31, 2021	\$ 6,104	\$ 44,689	\$ 10,790	\$ 10,600	\$ 59,491	\$ -	\$ 131,674
Additions	4,986	-	-	50,891	-	350	56,227
Disposals	-	-	-	(2,500)	-	-	(2,500)
At December 31, 2022	\$ 11,090	\$ 44,689	\$ 10,790	\$ 58,991	\$ 59,491	\$ 350	\$ 185,401
Additions	17,688	-	9,895	-	38,241	4,023	69,847
At September 30, 2023	\$ 28,778	\$ 44,689	\$ 20,685	\$ 58,991	\$ 97,732	\$ 4,373	\$ 255,248
b) Accumulated depreciation							
At December 31, 2021	\$ 1,302	\$ 7,486	\$ 5,731	\$ 5,028	\$ 11,567	\$ -	\$ 31,114
Depreciation	2,033	2,234	1,808	6,425	19,831	112	32,443
Disposals	-	-	-	(2,500)	-	-	(2,500)
At December 31, 2022	\$ 3,335	\$ 9,720	\$ 7,539	\$ 8,953	\$ 31,398	\$ 112	\$ 61,057
Depreciation	6,249	1,669	3,514	14,207	16,358	656	42,653
At September 30, 2023	\$ 9,584	\$ 11,389	\$ 11,053	\$ 23,160	\$ 47,756	\$ 768	\$ 103,710
c) Carrying value							
At December 31, 2022	\$ 7,755	\$ 34,969	\$ 3,251	\$ 50,038	\$ 28,093	\$ 238	\$ 124,344
At September 30, 2023	\$ 19,194	\$ 33,300	\$ 9,632	\$ 35,831	\$ 49,976	\$ 3,605	\$ 151,538

9. Mineral properties

The Company's primary mineral properties are the Shakespeare Mine, and the Crean Hill Project.

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.

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

Magna Mining Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian dollars)
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9. Mineral properties (continued)

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 was to make available to the third party all records and data with respect to the exploration program, and the third party would have 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. No agreement was entered into as a result of this transaction. The funds remaining to be spent as at September 30, 2023 are \$Nil (December 31, 2022 - \$Nil).

b) Crean Hill Project

The Crean Hill Project is located in Denison Township within the City of Greater Sudbury, Ontario, Canada approximately 30 km southwest of downtown Sudbury. The Property is in an area of Patented Surface and Mining Rights, consisting of approximately 255.9 hectares, located within the southern half of Lots 3, 4 and 5 and parts of the northern half of Lots 3, 4, and 5 of Concession 5, Denison Township, District of Sudbury. The area is more particularly described as parts 1 to 16 inclusive on registered plan 53R – 21031, filed with the Land Titles Division of Sudbury. The Patents do not have an expiry date, but are subject to an annual rent of \$4/ha plus municipal taxes.

c) Stumpy Bay Property

The Company owns an 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.

d) Porter Baldwin Property

The Company has a 100% interest in 62 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, 100% of which can be repurchased for \$250,000 related to certain mining claims.

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.

Magna Mining Inc.
Notes to the Condensed Interim Consolidated Financial Statements
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9. Mineral properties (continued)

f) 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.

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 40,625 shares of the Company. The cash balance has been paid and the shares were issued with a fair value of \$13,250.
- Before the 1st anniversary date of signing (November 2, 2021): \$14,000 cash and 40,625 shares of the Company. The cash balance has been paid and the shares were issued with a fair value of \$16,250.
- Before the 2nd anniversary date of signing (November 2, 2022): \$25,000 cash and 40,625 shares of the Company. The cash balance has been paid and the shares were issued with a fair value of \$13,609.
- Before the 3rd anniversary date of signing (November 2, 2023): \$30,000 cash and 40,625 shares of the Company. The cash balance was paid and the shares were issued subsequent to the nine months ended September 30, 2023.

Magna will be required to complete cumulative exploration expenditures totaling \$100,000 prior to the third anniversary date of signing. As at September 30, 2023, the cumulative exploration expenditure requirement has been met. The Optionor will retain a 1.5% NSR 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 and nine months ended September 30, 2023 and 2022:

	Three months ended Sep 30, 2023	Three months ended Sep 30, 2022	Nine Months ended Sep 30, 2023	Nine Months ended Sep 30, 2022
Shakespeare Mine				
Assays and surveying	\$ 37,833	\$ 55,079	\$ 64,024	\$ 52,514
Claim maintenance	994	982	4,036	2,312
Drilling	-	254,373	-	570,259
Engineering	-	-	-	27,576
Exploration support	14,255	318	14,255	818
Geology	100,931	87,908	404,332	332,609
Geophysics	-	10,330	-	10,330
Technical studies	5,781	53,703	89,011	220,847
	\$ 159,794	\$ 462,693	\$ 575,658	\$ 1,217,265
Crean Hill Project				
Assays and surveying	\$ 218,226	\$ -	\$ 625,051	\$ -
Drilling	780,464	-	2,632,384	-
Exploration support	42,272	-	151,718	-
Geology	130,242	-	195,076	-
Geophysics	98,226	-	181,741	-
Technical studies	308,209	-	815,470	-
	\$ 1,577,639	\$ -	\$ 4,601,440	\$ -
Regional exploration				
Advanced Royalty	\$ -	\$ -	\$ 24,000	\$ 24,000
Assays and surveying	-	19,701	-	45,116
Claim maintenance	1,339	1,309	8,640	5,197
Drilling	848,308	-	979,402	405,171
Exploration support	5,998	11,445	37,562	26,170
Geology	86,900	26,696	91,905	66,995
Geophysics	155,080	29,531	159,280	116,124
Technical studies	-	337	25,566	337
	\$ 1,097,625	\$ 89,019	\$ 1,326,355	\$ 689,110
Spanish River				
Assays and surveying	\$ -	\$ -	\$ -	\$ 28,475
Claim maintenance	-	-	780	200
Drilling	-	-	-	247,630
Geology	-	-	-	150
	\$ -	\$ -	\$ 780	\$ 276,455
Exploration & evaluation expenses	\$ 2,835,058	\$ 551,712	\$ 6,504,233	\$ 2,182,830

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11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of:

	September 30, 2023	December 31, 2022
Trade accounts payable	\$ 549,703	\$ 979,015
Accrued liabilities and other payables	833,646	672,579
	\$ 1,383,349	\$ 1,651,594

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 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 \$729,294 at September 30, 2023 (December 31, 2022 - \$715,789), using an inflation rate of 2.50% (2022 - 2.50%) and a discount rate of 2.70% (2022 - 2.70%) over the period of 7 years.

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

Balance, December 31, 2021	\$ 698,170
Accretion	17,619
Balance, December 31, 2022	715,789
Accretion	13,505
Balance, September 30, 2023	\$ 729,294

13. 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, 2023, the principal balance owing on the loan was \$40,000 (December 31, 2022 - \$40,000), however it is carried at \$30,000 on the statement of financial position as the \$10,000 forgivable portion was recognized as other income during the year ended December 31, 2020.

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 September 30, 2023, the Company had 162,842,673 shares outstanding (December 31, 2022 – 146,912,330).

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14. Issued share capital (continued)

Transactions for the nine months ended September 30, 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 Corporation 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 \$284,096 in legal fees, exchange fees, agents' expenses and other items related to the financing. The Company also incurred agents' fees of \$1,017,000 and issued 603,305 agents' warrants with a fair value of \$306,629. Each agents' warrant entitles the holder thereof to one common share of the Corporation 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.

Warrant and option exercises

During the nine months ended September 30, 2023, 2,075,625 shares were issued upon options exercised for proceeds of \$467,975. A total of \$372,629 was reallocated from reserves to share capital in connection with options exercised.

During the nine months ended September 30, 2023, 2,890,532 shares were issued upon warrants exercised for proceeds of \$1,240,874. A total of \$75,170 was reallocated from reserves to share capital in connection with warrants exercised.

Transactions for the year ended December 31, 2022:

Private placement

On September 30, 2022, the Company completed a non-brokered private placement of 74,128,860 subscription receipts ("Subscription Receipts") at a price of \$0.27 per Subscription Receipt, for gross proceeds of \$20,014,792. Each Subscription Receipt was to be exchanged, without payment of any consideration in addition to the purchase price, for one common share of the corporation (each, a "Common Share") and one half of one warrant of the company (each, a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional Common Share at a price of \$0.405 per Common Share following the date of issue of the warrants. The gross proceeds from the sale of the Subscription Receipts was held in escrow by the subscription receipt agent and released to the corporation upon the satisfaction of certain escrow release conditions. (the "Escrow Release Conditions").

On November 4, 2022, the Escrow Release Conditions were satisfied, and the Subscription Receipts were exchanged for the underlying 74,128,860 Common Shares and 37,064,430 Warrants. The Warrants were assigned a value of \$nil using the residual value method.

Subscription Receipt issue costs included cash finders' fees of \$738,120, and legal fees and other costs of \$510,713.

Other issuances

On October 26, 2022, the Company issued 40,625 common shares with a fair value of \$13,609 in connection with the Spanish River Option (Note 9(h)).

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14. Issued share capital (continued)

On November 4, 2022, the Company issued 314,564 common shares with a fair value of \$100,000 as an Advisory fee to Desjardins Capital Markets in connection with the Acquisition of Lonmin Canada Inc. (Note 7).

Option exercises

During the year ended December 31, 2022, 674,375 shares were issued upon options exercised for proceeds of \$224,169. A total of \$75,080 was reallocated from reserves to share capital in connection with options exercised.

15. Basic and diluted loss per share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2023 was based on the loss attributable to common shareholders of \$7,244,951 (Nine months ended September 30, 2022 - \$3,572,865) and the weighted average number of common shares outstanding of 160,221,853 (Nine months ended September 30, 2022 – 71,753,906).

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, shares may be reserved by the Board, in its discretion, for Options and/or RSUs provided that the total number of shares reserved for issuance by the Board shall not exceed 10% of the issued and outstanding common shares of the Corporation on a non-diluted basis. Options are non-assignable and may be granted for a term not exceeding that permitted by the Exchange, currently ten years. Options issued are subject to vesting terms determined by the Board of Directors.

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

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding at beginning of period	8,191,250	\$ 0.38	5,465,000	\$ 0.31
Issued during the period	1,090,800	0.63	3,685,000	0.47
Exercised during the period	(2,075,625)	0.23	(674,375)	0.33
Expired during the period	(325,000)	0.06	(284,375)	0.34
Outstanding at end of period	6,881,425	\$ 0.48	8,191,250	\$ 0.38
Vested and exercisable	3,964,220	\$ 0.45	5,859,577	\$ 0.34

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16. Share-based payment reserve (continued)

As at September 30, 2023, the Company had outstanding and exercisable stock options as follows:

Grant date	Expiry date	Number of options outstanding	Weighted average remaining life in years	Exercise price	Number of options exercisable
2020-11-06	2023-11-06	138,125	0.10	0.28	138,125
2020-11-06	2023-11-06	487,500	0.10	0.31	487,500
2021-05-28	2026-05-28	925,000	2.66	0.50	925,000
2021-12-23	2026-12-23	575,000	3.23	0.40	575,000
2022-11-10	2027-11-10	3,665,000	4.11	0.47	1,474,997
2023-05-01	2028-04-30	175,000	4.58	0.87	58,333
2023-08-09	2028-08-09	915,800	4.86	0.58	305,265
		6,881,425	3.59	\$ 0.48	3,964,220

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 one-third immediately and one-third annually thereafter 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.

On November 10, 2022, the Company granted 3,685,000 stock options to certain employees, directors, officers, and consultants. 400,000 of these stock options have a term of 5-years, vest immediately and have an exercise price of \$0.47 per common share, and 3,285,000 stock options have a term of 5-years, vest one-third immediately and one-third annually thereafter and have an exercise price of \$0.47 per common share.

The options outstanding at September 30, 2023 had a weighted average exercise price of \$0.48 (December 31, 2022: \$0.38), and a weighted average remaining contractual life of 3.59 years (December 31, 2022: 3.14 years). The options vest from November 2023 to May 2025. The aggregate of the estimated fair values of the options granted in the nine months ended September 30, 2023 is \$ 269,696 (Nine months ended September 30, 2022: \$Nil).

The inputs to the Black-Scholes Option Pricing model for the nine months ended September 30, 2023, and the year ended December 31, 2022 are as follows:

	2023	2022
Dividend	NIL	NIL
Expected volatility	89.6% - 90.3%	93.9%
Risk-free interest rate	3.10% - 3.86%	3.31%
Expected life (months)	60	60
Exercise price	\$0.57 - \$0.87	\$0.49
Spot price	\$0.58 - \$0.84	\$0.49
Forfeiture rate	0%	0%

Expected volatility in 2023 and 2022 was determined by calculating the historical volatility of similar public companies over the same period as the expected life of the options.

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16. Share-based payment reserve (continued)

The Company recognized total stock-based compensation expense related to stock options of \$673,433 in the nine months ended September 30, 2023 (Nine months ended September 30, 2022- \$63,920).

17. Warrants

On January 25, 2023, the Company issued 603,305 agents' warrants in relation to a private placement. The warrants vested immediately, have a term of 2 years, and have an exercise price of \$1.10.

On November 4, 2022, the Company issued 37,064,430 warrants in relation to the conversion of subscription receipts. The warrants vested immediately, have a term of 3 years, and have an exercise price of \$0.405.

The outstanding warrants as at September 30, 2023 and December 31, 2022 and the respective changes during the period are summarised as follows:

	Nine months ended September 30, 2023		Year ended December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of period	38,056,791	\$ 0.40	14,083,651	\$ 0.54
Issued during the period	603,306	1.10	37,064,430	0.41
Exercised during the period	(2,890,532)	0.40	-	-
Expired during the period	-	-	(13,091,288)	0.55
Outstanding at end of period	35,769,565	\$ 0.42	38,056,793	\$ 0.40
Vested and exercisable	35,769,565	\$ 0.42	38,056,793	\$ 0.40

Details of the warrants outstanding and exercisable as at September 30, 2023 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	2.09	0.41	35,166,259
2023-01-25	2025-01-25	603,306	1.32	1.1	603,306
		35,769,565	2.08	\$ 0.42	35,769,565

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

Warrants issued in in 2022 were assigned a value of \$Nil using the residual value method.

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17. Warrants (continued)

The inputs to the Black-Scholes Option Pricing model for the nine months ended September 30, 2023, and the year ended December 31, 2022 are as follows:

	2023	2022
Dividend	NIL	-
Expected volatility	75.7%	-
Risk-free interest rate	3.56%	-
Expected life (months)	24	-
Exercise price	\$ 1.10	-
Spot price	\$ 1.15	-
Forfeiture rate	0%	-

Expected volatility in 2023 was determined by calculating the historical volatility of similar public companies over the same period as the expected life of the warrants.

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 750,000. In order to provide the Corporation with the ability to grant additional RSUs under the RSU Plan, the Board approved an amendment to the RSU Plan (the “Amended RSU Plan”) on November 10, 2022 to amend and restate the existing RSU Plan to increase the fixed 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, from 750,000 to 1,500,000. On June 9th, 2023, the amended RSU plan was confirmed and approved at the annual and special meeting of shareholders.

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 aggregate number of Shares reserved for issuance under the RSU plan may not exceed 1,500,000 Shares.

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.

On November 10, 2022, the Company granted 510,000 RSUs with a fair value of \$239,700 to certain officers and employees. The RSUs will vest fully at the end of three years from the date of the grant. 78,000 of 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.

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

as of September 30, 2023, the Company had outstanding RSUs as follows:

Grant Date	RSUs Granted	Price	Fair Value	Vesting Date
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

The Company recognized total RSU compensation expense of \$94,378 for the nine months ended September 30, 2023 (Nine months ended September 30, 2022 - \$31,758) within share based compensation expense.

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 nine months ended September 30, 2023 amounted to \$1,345,044 (Nine months ended September 30, 2022 - \$549,177). Key management salaries, wages, and related costs of \$745,505 were paid or accrued to key management personnel during the period (Nine months ended September 30, 2022 - \$232,979). The Company's key management personnel include executives, directors, and officers.

During the nine months ended September 30, 2023 and 2022, salaries, wages, and related costs were allocated to the following expense categories:

	Nine months ended Sep. 30, 2023	Nine months ended Sep. 30, 2022
General and administrative	\$ 909,330	\$ 264,579
Exploration and evaluation	393,097	51,619
Property maintenance	42,617	232,979
	\$ 1,345,044	\$ 549,177

General and administrative expenses

For the nine months ended September 30, 2023 and 2022, general and administrative expenses consisted of the following:

	Nine months ended Sep. 30, 2023	Nine months ended Sep. 30, 2022
General office and administrative	\$ 168,784	\$ 92,160
Management compensation ⁽¹⁾	1,083,616	341,135
Investor Relations	253,527	242,704
	\$ 1,505,927	\$ 675,999

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

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20. Government grants

Government grants recognized are amounts received through the Government of Ontario and covered 50% of eligible exploration costs incurred in 2023 for the Shakespeare project.

21. 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.

22. 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.

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 nine months ended September 30, 2023 and 2022 is summarized as follows:

	Nine months ended Sep. 30, 2023	Nine months ended Sep. 30, 2022
Salaries, consulting and management fees ⁽¹⁾	\$ 1,026,971	\$ 412,500
Share based compensation ⁽²⁾	430,236	32,282
Total remuneration	\$ 1,457,207	\$ 444,782

(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 nine months ended September 30, 2023, \$42,500 (Nine months ended September 30, 2022 - \$67,500) 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 September 30, 2023 (September 30, 2022 - \$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, 2023, \$Nil (Nine months ended September 30, 2022 - \$27,920) was paid or accrued to Mine Management Partners Ltd. While Jason Jessup was a related party to the Company, and there was \$Nil outstanding at September 30, 2023 (September 30, 2022 - \$Nil).

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22. Related party transactions (continued)

c. David King, Senior Vice President, Technical Services, is a related party to the Company and is related to King Geoscience. In the nine months ended September 30, 2023, \$166,000 (Nine months ended September 30, 2022 - \$Nil) was paid or accrued to King Geoscience while David King was a related party to the Company, and there was \$18,080 outstanding at September 30, 2023 (September 30, 2022 - \$Nil).

d. Derek Teevan, Vice President, ESG, is a related party to the Company and is related to AS Williams. In the nine months ended September 30, 2023, \$104,689 (Nine months ended September 30, 2022 - \$35,000) was paid or accrued to AS Williams while Derek Teevan was a related party to the Company, and there was \$2,146 outstanding at September 30, 2023 (September 30, 2022 - \$Nil).

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

23. 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, 2023.

24. Financial instruments

Carrying value and fair value

The Company's financial instruments comprise cash, restricted cash, accounts receivable, investments, due to related parties, accounts payable and accrued liabilities, deferred acquisition cost and term 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)

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24. Financial instruments (continued)

- 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, accounts payable and accrued liabilities do not materially differ from their fair values given their short-term period to maturity. The carrying value of the term loan and deferred acquisition costs are discounted from the future obligation amount, see note 12 (Term Loan) and note 6 (deferred acquisition cost).

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 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 September 30, 2023 and December 31, 2022:

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24. Financial instruments (continued)

	September 30, 2023	December 31, 2022
Cash (US \$)	\$ 2,986	\$ 95,218
Accrued liabilities (US \$)	(346,628)	(346,628)
	(343,642)	(251,410)
Foreign exchange rate	1.35	1.35
Equivalent in Canadian dollars (\$)	\$ (463,917)	\$ (339,404)

Based on the balances held as at September 30, 2023, a 10% decrease in the Canadian dollar per US dollar exchange rates would have resulted in an increase in the net loss for the period then ended of approximately \$46,400 (December 31, 2022: \$33,900).

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.

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

25. 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 \$9,446,058 as at September 30, 2023 (December 31, 2022 - \$Nil), of which 100% is required to be spent before December 31, 2024.

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(Expressed in Canadian dollars)
For the three and nine months ended September 30, 2023 and 2022

26. Subsequent events

Deferred Acquisition Cost of Lonmin Canada Inc.

Subsequent to the nine months ended September 30, 2023, the Company settled the deferred acquisition cost of Lonmin Canada Inc. (Note 4) through a cash payment of \$3,000,000.

Stock options expired

On November 6, 2023, 129,063 stock options with an average exercise price of \$0.30 per common share expired unexercised.

Stock options issued

On November 2, 2023, the Company granted 2,281,000 stock options to certain officers, employees, and consultants pursuant to the Company's Stock Option Plan. Such Options are exercisable into common shares of the Company at an exercise price of \$0.44 per common share for a period of three years from the date of grant. The Options vest 1/3 immediately and 1/3 annually thereafter and have an expiry date of November 2, 2028.

Stock options exercised

Subsequent to the nine months ended September 30, 2023, 496,562 shares were issued upon options exercised for proceeds of \$150,887.

Shares issued

Subsequent to the nine months ended September 30, 2023, 40,625 shares were issued in relation to the Spanish River Option.

Restricted share units issued

On November 2, 2023, the Company granted 961,000 restricted share units ("RSUs") to certain directors, officers and employees of the Company in accordance with the Company's Restricted Share Unit Plan ("RSU Plan"). The RSUs will fully vest on the date that is three year from the date of grant. Once vested, each RSU represents the right to receive one common share of the Company or the equivalent cash value thereof, at the Company's discretion. In connection with such grant of a portion of the RSUs, the Company also approved an amendment to the RSU Plan (the "Amended RSU Plan") to increase the fixed maximum number of shares reserved for issuance under the RSU Plan from 1,500,000 to 3,000,000 shares. The Amended RSU Plan and the grant of 315,000 RSUs under the Amended RSU Plan are subject to approval by the TSX Venture Exchange and ratification by the Company's shareholders at the next annual and special meeting of shareholders.