

SYLLA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2024 and 2023

(unaudited)

EXPRESSED IN CANADIAN DOLLARS

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Sylla Gold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, Jones & O'Connell LLP, has not performed a review of these unaudited condensed interim consolidated financial statements, in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

SYLLA GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***(unaudited, expressed in Canadian dollars)*

As at	August 31 2024	February 29 2024
ASSETS		
Current		
Cash	\$ 676	\$ 11,000
Sales tax receivable	9,440	18,128
Prepaid expenses and deposits	21,914	28,446
	\$ 32,030	\$ 57,574
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 6, 12)	\$ 1,385,560	\$ 1,199,322
Loans payable (notes 7, 12)	80,000	30,000
	1,465,560	1,229,322
DEFICIENCY		
Share capital (note 8)	6,465,447	6,377,581
Warrants (note 9)	195,098	1,164,669
Contributed surplus	1,668,376	640,955
Deficit	(9,762,451)	(9,354,953)
	(1,433,530)	(1,171,748)
	\$ 32,030	\$ 57,574

Nature of operations and going concern (note 1)**Commitments and contingencies (notes 11, 13)****Subsequent events (note 17)***See accompanying notes.*

SYLLA GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS***(unaudited, expressed in Canadian dollars)*

	Three months ended		Six months ended	
	August 31		August 31	
	2024	2023	2024	2023
Expenses				
Corporate and administrative (notes 10, 12)	\$ 130,826	\$ 152,611	\$ 248,342	\$ 356,371
Exploration and evaluation (notes 11, 12)	106,445	43,842	149,000	251,806
	(237,271)	(196,453)	(397,342)	(608,177)
Other expenses				
Foreign exchange loss	(5,117)	(5,558)	(10,156)	(5,532)
Net loss and comprehensive loss	\$ (242,388)	\$ (202,011)	\$ (407,498)	\$ (613,709)
Basic and diluted loss per share (note 15)	\$ (0.005)	\$ (0.005)	\$ (0.008)	\$ (0.016)
Weighted average number of common shares outstanding: Basic and diluted	52,646,138	39,204,834	51,950,486	38,976,573

See accompanying notes.

SYLLA GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

(unaudited, expressed in Canadian dollars)

	Share capital		Warrants	Contributed Surplus	Deficit	Total
	Number	Amount				
Balance, February 28, 2023	38,204,834	\$ 5,755,767	\$ 1,099,223	\$ 640,955	\$ (7,945,444)	\$ (449,499)
Shares issued for mineral property (note 8)	1,000,000	100,000	-	-	-	100,000
Deposit on shares to be issued	-	30,000	-	-	-	30,000
Net loss for the period	-	-	-	-	(613,709)	(613,709)
Balance, August 31, 2023	39,204,834	5,885,767	1,099,223	640,955	(8,559,153)	(933,208)
Units issued by private placement (notes 8, 9)	9,050,000	387,054	65,446	-	-	452,500
Shares issued for mineral property (note 8)	3,000,000	150,000	-	-	-	150,000
Deposit on shares to be issued	-	(30,000)	-	-	-	(30,000)
Share issuance costs	-	(15,240)	-	-	-	(15,240)
Net loss for the period	-	-	-	-	(795,800)	(795,800)
Balance, February 29, 2024	51,254,834	6,377,581	1,164,669	640,955	(9,354,953)	(1,171,748)
Units issued by private placement (notes 8, 9)	3,200,000	104,490	55,510	-	-	160,000
Broker/Finder warrants (notes 8, 9)	-	(2,340)	2,340	-	-	-
Share issuance costs	-	(14,284)	-	-	-	(14,284)
Warrants expired	-	-	(1,027,421)	1,027,421	-	-
Net loss for the period	-	-	-	-	(407,498)	(407,498)
Balance, August 31, 2024	54,454,834	\$ 6,465,447	\$ 195,098	\$ 1,668,376	\$ (9,762,451)	\$ (1,433,530)

See accompanying notes.

SYLLA GOLD CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS***(unaudited, expressed in Canadian dollars)*

	Six months ended	
	2024	August 31
		2023
Operating activities		
Loss for the period	\$ (407,498)	\$ (613,709)
Adjustments to reconcile loss to net cash used:		
Shares issued for mineral property	-	100,000
	(407,498)	(513,709)
Changes in non-cash working capital items		
Sales tax receivable	8,688	7,931
Prepaid expenses and deposits	6,532	70,953
Accounts payable and accrued liabilities	186,238	396,468
	(206,040)	(38,357)
Financing activities		
Loan proceeds (note 12)	50,000	-
Units issued by private placement	160,000	-
Deposit on shares to be issued	-	30,000
Share issuance costs	(14,284)	-
	195,716	30,000
Net change in cash	(10,324)	(8,357)
Cash, beginning of period	11,000	12,066
Cash, end of period	\$ 676	\$ 3,709
Supplemental disclosure		
Broker/Finder warrants	\$ 2,340	\$ -

See accompanying notes.

SYLLA GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended August 31, 2024 and 2023

1. NATURE OF OPERATIONS AND GOING CONCERN

Sylla Gold Corp. (the "Company") is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. The Company's Niaouleni Gold Project (note 11) is located in Mali, West Africa. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol "SYG" and on the United States OTCQB Venture Market under the trading symbol "SYGCF". The address of the Company's registered office is 1550 Bedford Highway, Suite 802, Bedford, Nova Scotia, B4A 1E6.

Mali Coup and New Mining Code

In 2020 and again in 2021, a coup was staged by Mali's military resulting in the dissolution of the Malian government. Mali is currently being governed by an interim government. The Company's Malian properties may potentially expose the Company to risks and different considerations not normally associated with companies or exploration activities in North America. The Company's ability to retain its properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, laws and regulations, all of which are beyond the Company's control.

Mali's interim government adopted a new mining code in August 2023 and suspended the issuance and renewals of permits and exploration licenses pending their review of the Malian mining sector, which has contributed to limiting the Company's ability to finance and conduct exploration activities. With the approval of the Implementation Decree in 2024, the Company has since witnessed a number of agreements between the government and other mining companies operating in Mali. Considering this advancement, the Company remains optimistic that its permits and exploration licenses will be either issued or renewed, as applicable, though the timing of such remains uncertain.

Going Concern

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurances that future exploration activities will result in the discovery of economically recoverable mineral deposits. The success and continuation of the Company as a going concern is dependent upon the Company's ability to arrange financing, which in part, depends on prevailing market conditions, acquiring or discovering economically viable mineral properties, exploration success, and securing title and beneficial interest in its properties.

Further funds will be required for the Company to continue as a going concern, fulfil its obligations and fund its activities. The Company does not produce revenues from its exploration activities or have a regular source of cash flow. There can be no assurance that the Company will be able to obtain sufficient financing in the future or at favourable terms.

At August 31, 2024, the Company had a working capital deficiency of \$1,433,530 (February 29, 2024 - \$1,171,748), incurred a loss for the current six-month period of \$407,498 (August 31, 2023 - \$613,709), and had an accumulated deficit of \$9,762,451 (February 29, 2024 - \$9,354,953).

These consolidated financial statements have been prepared using accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. However, due to uncertainties surrounding a number of factors, such as, but not limited to, the ability to raise additional funds, ability to acquire mineral properties, exploration results, prices of underlying commodities, investor sentiment and financial market conditions, it is not possible to predict if this assumption will prove to be accurate. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended August 31, 2024 and 2023

NATURE OF OPERATIONS AND GOING CONCERN (continued)

These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standard (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements for the six-month period ended August 31, 2024, were approved and authorized for issue by the Company’s board of directors on October 22, 2024.

Basis of Consolidation and Presentation

These consolidated financial statements include the accounts of the Company, its wholly-owned Malian subsidiary, Sylla Gold Mining SARL and its wholly-owned Canadian subsidiary, Glencoe Resources Inc. All significant inter-company transactions and balances have been eliminated on consolidation.

These consolidated financial statements are prepared on the historical cost basis, except for financial instruments classified as fair value through profit or loss. These consolidated financial statements are presented in Canadian dollars, which is the Company’s and its subsidiaries’ functional currency.

These condensed interim consolidated financial statements do not include all of the disclosure required in annual financial statements and should be read in conjunction with the Company’s audited 2024 annual consolidated financial statements. These consolidated financial statements are not necessarily indicative of the results that may be anticipated for the entire year.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements, in conformity with IFRS, requires the Company’s management to make certain estimates and judgements that they consider reasonable and realistic. These estimates and judgements are based on historical experience, future expectations, economic conditions and other factors. Despite regular reviews, changes in circumstances and assumptions may result in changes in these estimates and judgements, which could materially impact the reported amount of the Company’s assets, liabilities, equity or earnings. By their nature, estimates and judgements are subject to measurement uncertainty and actual results could vary from estimates.

Significant estimates relate to:

- measurement of share-based payments and warrant valuation;
- measurement and impairment of assets;
- recognition of deferred tax assets and liabilities; and,
- establishment of provisions.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended August 31, 2024 and 2023

ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Significant judgements relate to:

- ability to continue as a going concern;
- functional currency of the Company and its Malian subsidiary; and,
- choice of accounting policy for exploration and evaluation.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies, as described in Note 4, Significant Accounting Policies, of the Company's audited annual consolidated financial statements for the year ended February 29, 2024, have been applied consistently to all periods presented in these condensed interim consolidated financial statements, unless otherwise noted.

5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the exploration and development of its mineral properties and the acquisition of other mineral properties for the benefit of its shareholders.

The Company considers its capital structure to consist of shareholder equity. In order to maintain its capital structure, the Company is dependent on equity funding and loans from related and non-related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors has not established quantitative targets on its capital criteria for management, however, it relies on management to review its capital management methods and requirements on an ongoing basis and make adjustments, accordingly, to sustain future development of the business.

There were no changes in the Company's management of its capital during the current six-month period. The Company is not subject to any externally imposed capital requirements.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31 2024	February 29 2024
Trade payables	\$ 508,949	\$ 374,227
Accrued liabilities	37,318	68,760
Related parties (note 12)	839,293	756,335
	\$ 1,385,560	\$ 1,199,322

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For the six months ended August 31, 2024 and 2023

7. LOANS PAYABLE

	August 31 2024	February 29 2024
Balance, beginning of year	\$ 30,000	\$ -
Loan from non-related party	-	30,000
Loan from related party (note 12)	50,000	-
Balance, end of period	\$ 80,000	\$ 30,000

These loans are unsecured, non-interest bearing. The non-related party loan has no fixed terms of repayment, and the related party loan is payable on demand. The Company expects to repay the loans from the proceeds of a future equity financing.

8. SHARE CAPITAL

Authorized

Unlimited common shares.

Share Consolidation

On May 30, 2024, the Company received shareholder approval to consolidate its common shares on the basis of one new common share for every three old common shares. The Company has not determined when, or if, the share consolidation will be implemented.

Shares issued – Private Placements

- a) On September 5, 2023, the Company completed the first tranche of a \$452,500 private placement by issuing 4,850,000 units at \$0.05 per unit for gross proceeds of \$242,500. On October 5, 2023, the Company completed the second and final tranche of the private placement by issuing 4,200,000 units for gross proceeds of \$210,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole unit warrant entitles the holder to acquire an additional common share at \$0.10 for a period of eighteen (18) months from the date of closing. The fair value of the 4,525,000 unit warrants was estimated at \$65,446 using the relative fair value method.
- b) On July 23, 2024, the Company completed a private placement for gross proceeds of \$160,000 by issuing 3,200,000 units at \$0.05 per unit. Each unit consists of one common share and one common share purchase warrant. Each unit warrant entitles the holder thereof to purchase one additional common share at an exercise price of \$0.07 for a period of 18 months from the date of closing. The fair value of the unit warrants was estimated at \$55,510, using the relative fair value method. In addition, the Company issued 98,000 broker/finder warrants. Each broker/finder warrant entitles the holder to purchase one common share at \$0.05 for a period of 18 months from closing. The fair value of the broker/finder warrants was estimated at \$2,340 using the Black-Scholes option pricing model.

Shares Issued - Mineral Properties

On April 12, 2023, and on February 19, 2024, the Company issued 1,000,000 common shares at \$0.10 and 3,000,000 common shares at \$0.05 per share, respectively, in accordance with the Deguefarakole option agreement (notes 11, 12).

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SHARE CAPITAL (continued)

Stock Options

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares with an exercise period not to exceed ten years. The term, exercise price and vesting conditions of the options are fixed by the Company's Board of Directors at the time of grant.

Stock option transactions and the number of stock options outstanding are as follows:

	Number	Weighted average exercise price
Balance, February 28, 2023 and February 29, 2024	3,075,000	\$0.20
Expired/Cancelled	(400,000)	0.20
Balance, August 31, 2024	2,675,000	\$0.20

The following summarizes information on the outstanding stock options:

Expiry Date	Number	Exercise price	Exercisable	Average remaining contractual life (years)
May 9, 2027	2,675,000	\$0.20	2,675,000	2.68

9. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price
Balance, February 28, 2023	16,337,559	\$0.30
Issued	4,525,000	0.10
Balance, February 29, 2024	20,862,559	0.26
Issued	3,200,000	0.07
Issued - Broker/Finder	98,000	0.05
Expired	(14,648,000)	0.32
Balance, August 31, 2024	9,512,559	\$0.10

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WARRANTS (continued)

Relative fair value of the warrants was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions:

	August 31 2024	February 29 2024
Dividend yield	Nil	Nil
Expected volatility (based on historical prices)	146%	108%
Risk-free rate of return	3.87%	4.83%
Expected life	1.5 Years	1.5 Years
Share price	\$0.04	\$0.05

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
January 3, 2025	1,689,559	\$0.15	0.34	\$ 71,802
March 5, 2025	2,425,000	0.10	0.51	37,606
April 5, 2025	2,100,000	0.10	0.59	27,840
January 23, 2026	3,200,000	0.07	1.39	55,510
January 23, 2026	98,000	0.05	1.39	2,340
	9,512,559	\$0.10	0.80	\$ 195,098

10. CORPORATE AND ADMINISTRATIVE

	Three months ended August 31		Six months ended August 31	
	2024	2023	2024	2023
Consulting (note 12)	\$ 25,000	\$ 25,000	\$ 50,000	\$ 50,000
Filing and transfer agent fees	19,973	18,515	30,148	30,587
Management fees (note 12)	58,500	58,500	117,000	117,000
Office and general (note 12)	8,179	6,303	15,324	13,569
Professional fees	16,419	9,924	23,124	42,492
Shareholder relations and promotion	2,755	34,369	12,746	102,723
	\$ 130,826	\$ 152,611	\$ 248,342	\$ 356,371

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended August 31, 2024 and 2023

11. EXPLORATION AND EVALUATION

	Three months ended		Six months ended	
	August 31		August 31	
	2024	2023	2024	2023
Acquisition costs (notes 8, 12)	\$ 68,808	\$ -	\$ 68,808	\$ 100,000
Assaying	-	-	-	42,415
Consulting/Contracting	32,635	32,069	64,932	84,659
Equipment and supplies	1,209	7,349	7,933	16,098
Site costs	3,793	4,424	7,327	8,634
	\$ 106,445	\$ 43,842	\$ 149,000	\$ 251,806

Niaouléni Gold Project – Mali, West Africa

The Niaouléni Gold Project (the “Niaouléni Project”) is located in southwest Mali and is comprised of four option agreements to acquire four contiguous permits.

Permit		Renewal date
Deguefarakole	Option exercised	February 5, 2024 – renewal and transfer pending
Niaouléni West	Under option	Exploration license pending
Samaya South	Under option	Exploration license pending
Sananfara	Under option	Exploration license pending

Mali’s interim government adopted a new mining code in August 2023 and suspended the issuance and renewals of permits and exploration licenses pending their review of the Malian mining sector, which has contributed to limiting the Company’s ability to finance and conduct exploration activities. With the approval of the Implementation Decree in 2024, the Company has since witnessed a number of agreements between the government and other mining companies operating in Mali. Considering this advancement, the Company remains optimistic that its permits and exploration licenses will be either issued or renewed, as applicable, though the timing of such remains unknown.

General

Each option agreement requires the Company to keep the applicable permit in good standing, including completing the expenditure requirements and paying all permit fees and taxes. The Company is not entitled to any partial interest in a permit in which the option is not exercised. The expenditure requirements in the Touba Mining SARL option agreements are based on mineral exploitation agreements issued by the Malian government with the issuance of the accompanying exploration license pending. The Company has engaged Touba to provide support for its Malian operations.

Dequefarakole Option Agreement, effective April 12, 2022

On September 15, 2021, the Company entered into an option agreement (the “Option Agreement”) with Niaouléni Gold Inc. and Niaouléni Gold Mali SARL, a wholly owned subsidiary of Niaouléni Gold Inc., pursuant to which the Company was granted an option to acquire an indirect 100-per-cent interest in the Deguefarakole gold exploration permit. Mr. Gregory Isenor, a director and former officer of the Company, is also a director, officer and shareholder of Niaouléni Gold Inc. The Company received shareholder approval for the Option Agreement on November 12, 2021, which received TSX Venture Exchange acceptance on April 12, 2022.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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EXPLORATION AND EVALUATION (continued)

On February 19, 2024, the Option Agreement was amended to waive the remaining cash payments of \$600,000 and reduce the number of common shares remaining to be issued by 4 million common shares. As a result, in February 2024 the Company exercised the option, having:

- a) paid an aggregate of \$100,000 as follows:
 - (i) \$50,000 on April 12, 2022; and,
 - (ii) \$50,000 on October 13, 2023.
- b) Issued 5,000,000 common shares of the Company as follows:
 - (i) 1,000,000 common shares on April 12, 2022;
 - (ii) 1,000,000 common shares on April 12, 2023; and,
 - (iii) 3,000,000 common shares on February 19, 2024.
- c) Incurred an aggregate of \$1,380,000 of exploration expenditures.

Niaouleni Gold Inc. retained a 3% net smelter return royalty (NSR). The Company has the right to purchase up to 2% of the NSR (resulting in the remaining NSR being potentially reduced to 1%) for a cost of up to \$2 million.

Niaouleni West Option Agreement

On February 21, 2023, the Company entered into an option agreement with Touba Mining SARL pursuant to which the Company was granted an option to acquire a 100% interest in the Niaouleni West gold exploration permit, located contiguously west of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

- a) pay an aggregate of 100,000,000 West African CFA Franc ("FCFA") (approximately CDN \$222,909, of which CDN \$176,909 has been paid) as follows:
 - (i) 20,000,000 FCFA (CDN \$40,935) by January 31, 2022 (paid);
 - (ii) 30,000,000 FCFA (CDN \$67,166) by March 31, 2023, which date was subsequently deferred to September 30, 2023 (paid); and,
 - (iii) 50,000,000 FCFA (approximately CDN \$114,808) by January 31, 2024, which date and payment was subsequently deferred and amended as follows:
 - 30,000,000 FCFA (CDN \$68,808) by August 15, 2024 (paid); and,
 - 20,000,000 FCFA (approximately CDN \$46,000) by December 31, 2024.
- b) upon the issuance of the exploration license by the Direction Nationale de la Géologie et des Mines (the "DNGM"), incur an aggregate of 528,000,000 FCFA (approximately CDN \$1,203,000) of exploration expenditures over a three-year period, as follows:
 - (i) first year 111,000,000 FCFA (approximately CDN \$253,000)
 - (ii) second year 145,000,000 FCFA (approximately CDN \$330,000)
 - (iii) third year 272,000,000 FCFA (approximately CDN \$620,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US \$1 million.

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EXPLORATION AND EVALUATION (continued)

Samaya South Option Agreement

On February 21, 2023, the Company entered into an option agreement with Touba Mining SARL pursuant to which the Company was granted an option to acquire a 100% interest in the Samaya South gold exploration permit, located contiguously northwest of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

- a) pay an aggregate of 45,000,000 FCFA (approximately CDN \$96,076) as follows:
 - (i) 30,000,000 FCFA (CDN \$62,076) by May 14, 2022 (paid); and,
 - (ii) 15,000,000 FCFA (approximately CDN \$34,000) by May 14, 2023, which date was subsequently deferred to June 30, 2024 and a further deferral is pending.

- b) upon the issuance of the exploration license by the DNGM, incur an aggregate of 528,000,000 FCFA (approximately CDN \$1,203,000) of exploration expenditures over a three-year period, as follows:
 - (i) first year 111,000,000 FCFA (approximately CDN \$253,000)
 - (ii) second year 145,000,000 FCFA (approximately CDN \$330,000)
 - (iii) third year 272,000,000 FCFA (approximately CDN \$620,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US \$1 million.

Sananfara Option Agreement

On February 21, 2023, the Company entered into an option agreement with Touba Mining SARL pursuant to which the Company was granted an option to acquire a 100% interest in the Sananfara gold exploration permit, located contiguously south of the Company's Deguefarakole permit.

To exercise the option, the Company shall:

- a) pay an aggregate of 100,000,000 FCFA (approximately CDN \$223,061) as follows:
 - (i) 20,000,000 FCFA (CDN \$41,061) by April 30, 2022 (paid);
 - (ii) 30,000,000 FCFA (approximately CDN \$68,000) by April 30, 2023, which date was subsequently deferred to June 30, 2024 and a further deferral is pending; and,
 - (iii) 50,000,000 FCFA (approximately CDN \$114,000) by April 30, 2024, which date was subsequently deferred to June 30, 2024 and a further deferral is pending.

- b) upon the issuance of the exploration license by the DNGM, incur an aggregate of 641,025,000 FCFA (approximately CDN \$1,460,000) of exploration expenditures over a three-year period, as follows:
 - (i) first year 75,275,000 FCFA (approximately CDN \$171,000)
 - (ii) second year 179,900,000 FCFA (approximately CDN \$410,000)
 - (iii) third year 385,850,000 FCFA (approximately CDN \$879,000)

Touba shall retain a 2% net smelter return royalty (NSR). The Company has the right to purchase one-half of the NSR (equivalent to a 1% NSR) for US \$1 million.

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(unaudited, expressed in Canadian dollars)

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12. RELATED PARTY TRANSACTIONS AND BALANCES

	Three months ended		Six months ended	
	August 31		August 31	
	2024	2023	2024	2023
Consulting (i)	\$ 12,500	\$ 12,500	\$ 25,000	\$ 25,000
Management fees (ii)	58,500	58,500	117,000	117,000
Office and general (note iii)	3,000	3,000	6,000	6,000
Exploration and evaluation (iv)	-	-	-	143,312
	\$ 74,000	\$ 74,000	\$ 148,000	\$ 291,312

- (i) Consulting fees were paid to a company controlled by a Company officer/director for bookkeeping services.
- (ii) Management fees were paid or became payable to a company controlled by the Company's President and Chief Executive Officer and to a company controlled by the Company's Chief Financial Officer.
- (iii) Rent was paid or became payable to a company controlled by a Company director for the Company's offices in Bedford, Nova Scotia. The rental term is monthly.
- (iv) Exploration and evaluation expenditures represent amounts paid or payable to Niaouleni Gold Inc. ("NGI") for Niaouleni Project activities. NGI is party to the option agreement for the Deguefarakole permit (note 11) and is related by virtue of a common director. Expenditures for the current six-month period consisted of:
- Deguefarakole option agreement acquisition costs of \$nil (August 31, 2023 - \$100,000); and,
 - reimbursement of exploration expenditures, at cost, of \$nil (August 31, 2023 - \$43,312).

Accounts payable and accrued liabilities include \$839,293 (February 29, 2024 - \$756,335) payable to Company directors/officers or companies controlled by Company directors/officers.

Loans payable includes a \$50,000 (February 29, 2024 - \$nil) cash loan provided by a Company director. The loan is unsecured, non-interest bearing and payable on demand.

13. COMMITMENTS AND CONTINGENCIES

The Company has a management services agreement with a Company officer that contains the provision of change of control benefits. The agreement provides that in the event there is a change in control of the Company then the officer is entitled to receive a lump sum payment equal to two (2) years of remuneration. As a triggering event has not taken place, the contingent payment of \$300,000 has not been reflected in these consolidated financial statements.

14. LAND

The Company owns a spring water resource property in Victoria County, Cape Breton, Nova Scotia. An impairment loss of \$26,500 was recognized in 2024, as the Company has no plans to develop this property and lowered its outlook for recovering the investment.

SYLLA GOLD CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, expressed in Canadian dollars)

For the six months ended August 31, 2024 and 2023

15. EARNINGS/LOSS PER SHARE

Earnings/Loss per share is calculated using the weighted average number of shares outstanding for the period. For the purposes of calculating the basic and diluted loss per share the effect of the potentially dilutive options and warrants were not included in the calculation as the result would be anti-dilutive.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of cash, accounts payable and accrued liabilities and loans payable approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arms-length transaction between willing parties and is best evidenced by a quoted market price if one exists.

IFRS 13 establishes a fair value hierarchy that prioritizes the valuation techniques for each financial instrument measured at fair value. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

The methods and assumptions used to develop fair value measurements are: Level 1 - includes quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - includes inputs, other than quoted prices included in Level 1, that are observable for an asset or liability, either directly (i.e. as process) or indirectly (i.e. derived from process); and, Level 3 - includes inputs that are not based on observable data.

The Company held no fair value assets at August 31, 2024.

Risk Management

The Company's financial risk management activities include the preservation of its capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The primary risks the Company's financial instruments are exposed to are described below:

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 their obligations. The financial instrument that potentially exposes the Company to this risk is its cash, which the Company mitigates by depositing a large majority of its cash with a Canadian bank.

Currency Risk

The Company operates in Canada and Mali and has potential future commitments (note 11) in Mali that are denominated in the West African CFA franc (FCFA), which is pegged to Euro (EUR), giving rise to market risks from changes in foreign exchange rates. The Company monitors foreign exchange rates and has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates.

As at August 31, 2024, the Company has accounts payable and accrued liabilities of approximately EUR 351,000 (February 29, 2024 - EUR 379,000), of which a 10% change in the EUR exchange rate would impact the Company's loss by approximately \$52,000 (February 29, 2024 - \$56,000).

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For the six months ended August 31, 2024 and 2023

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is not exposed to any significant interest rate risk. When applicable, excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The Company has no interest-bearing debt.

Liquidity Risk

Liquidity risk management requires maintaining sufficient cash, liquid investments or credit facilities to meet the Company's operating expenditures and commitments, as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 5. The Company has no income from operations or a regular source of cash flow and is highly dependent on its working capital and on equity funding to support its exploration and corporate activities. Should the need for equity funding arise, there is a risk that the Company may not be successful in selling new common shares at acceptable prices.

Accounts payable and accrued liabilities are generally due within 30 days and the loan payable has no specific terms of repayment. As at August 31, 2024, the Company had cash of \$676 (February 29, 2024 - \$11,000) to settle current liabilities of \$1,465,560 (February 29, 2024 - \$1,229,322). The Company will require additional capital to eliminate its working capital deficiency, fund its Niaouleni Project option payments and its exploration and corporate activities for fiscal 2025 and 2026.

17. SUBSEQUENT EVENTS

In September, 2024, a Company director provided a cash loan of \$2,500 to the Company for working capital purposes. The loan was unsecured, non-interest bearing and is payable on demand.