

SYLLA GOLD CORP.
(formerly, Atlantic Industrial Minerals Incorporated)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

(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, Smythe 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.
(formerly, Atlantic Industrial Metals Incorporated)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited, expressed in Canadian dollars)

As at	August 31 2021	February 28 2021
ASSETS		
Current		
Cash	\$ 385,442	\$ 301
Sales tax receivable	10,549	5,460
Prepaid expenses and deposits	15,240	14,000
	411,231	19,761
Land (note 6)	26,500	26,500
	\$ 437,731	\$ 46,261
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 7,12)	\$ 74,696	\$ 700,450
Loans payable (note 12)	186,000	475,779
	260,696	1,176,229
EQUITY (DEFICIENCY)		
Share capital (note 8)	3,190,580	1,968,510
Warrants (note 9)	244,950	-
Deficit	(3,258,495)	(3,098,478)
	177,035	(1,129,968)
	\$ 437,731	\$ 46,261

Nature of operations and going concern (note 1)
Subsequent events (note 15)

See accompanying notes.

SYLLA GOLD CORP.
(formerly, Atlantic Industrial Metals Incorporated)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(unaudited, expressed in Canadian dollars)

	Three months ended		Six months ended	
	2021	August 31 2020	2021	August 31 2020
Expenses				
Corporate and administrative (note 10)	\$ 87,139	\$ 10,221	\$ 125,977	\$ 14,736
Exploration and evaluation	-	1,650	-	1,650
Project evaluation (notes 11, 12)	33,219	-	33,219	-
Foreign exchange loss	539	-	539	-
	120,897	11,871	159,735	16,386
Other income				
Loss on debt settlement (note 8)	24,600	-	282	-
Interest income	-	(649)	-	(649)
Net loss and comprehensive loss	\$ (145,497)	\$ (11,222)	\$ (160,017)	\$ (15,737)
Basic and diluted loss per share (note 13)	\$ (0.010)	\$ (0.002)	\$ (0.017)	\$ (0.003)
Weighted average number of common shares outstanding: Basic and diluted	14,233,957	4,926,683	9,673,713	4,926,683

See accompanying notes.

SYLLA GOLD CORP.
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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(expressed in Canadian dollars)

	Share capital		Warrants	Deficit	Total
	Number*	Amount			
Balance, February 29, 2020	4,926,683	\$ 1,968,510	\$ -	\$ (3,167,589)	\$ (1,199,079)
Net loss for the period	-	-	-	(15,737)	(15,737)
Balance, August 31, 2020	4,926,683	1,968,510	-	(3,183,326)	(1,214,816)
Net income for the period	-	-	-	84,848	84,848
Balance, February 28, 2021	4,926,683	1,968,510	-	(3,098,478)	(1,129,968)
Units issued by private placement (notes 8, 9)	10,000,000	755,050	244,950	-	1,000,000
Shares issued for debt (note 8)	1,964,231	491,340	-	-	491,340
Share issuance costs	-	(24,320)	-	-	(24,320)
Net loss for the period	-	-	-	(160,017)	(160,017)
Balance, August 31, 2021	16,890,914	\$ 3,190,580	\$ 244,950	\$ (3,258,495)	\$ 177,035

* Reflects a consolidation of 1 new share for 5 old shares. The consolidation was completed on April 23, 2021.

See accompanying notes.

SYLLA GOLD CORP.
(formerly, Atlantic Industrial Metals Incorporated)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, expressed in Canadian dollars)

	Three months ended August 31		Six months ended August 31	
	2021	2020	2021	2020
Operating activities				
Loss for the period	\$ (145,497)	\$ (11,222)	\$ (160,017)	\$ (15,737)
Adjustments to reconcile loss to net cash used:				
Loss on debt settlement	24,600	-	282	-
	(120,897)	(11,222)	(159,735)	(15,737)
Changes in non-cash working capital items				
Sales tax receivable	(2,482)	20,125	(5,089)	19,804
Prepaid expenses	(15,240)	-	(1,240)	-
Accounts payable and accrued liabilities	(156,420)	(28,440)	(134,696)	(23,650)
	(295,039)	(19,537)	(300,760)	(19,583)
Financing activities				
Loan proceeds received (note 12)	-	25,549	6,000	25,549
Loan payable repayments to related parties (note 12)	(295,779)	-	(295,779)	-
Units issued by private placement	1,000,000	-	1,000,000	-
Share issuance costs	(24,320)	-	(24,320)	-
	679,901	25,549	685,901	25,549
Net change in cash	384,862	6,012	385,141	5,966
Cash, beginning of period	580	564	301	610
Cash, end of period	\$ 385,442	\$ 6,576	\$ 385,442	\$ 6,576
Supplemental disclosure				
Shares issued for debt	\$ 410,000	\$ -	\$ 491,058	\$ -

See accompanying notes.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

1. NATURE OF OPERATIONS AND GOING CONCERN

Sylla Gold Corp., formerly, Atlantic Industrial Minerals Incorporated, (the “Company”) is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. On April 23, 2021, the name of the Company was changed and the Company consolidated its common shares on the basis of 1 new share for 5 old shares. All share and per share information in the consolidated financial statements, including references to the number of common shares, warrants, prices of issued shares, exercise prices of warrants, and earnings (loss) per share, have been adjusted to reflect the impact of the share consolidation. On February 11, 2021, the Company disposed its interest in the Glencoe Carbonate Property. As a result, the Company does not currently have an interest in or hold a right to participate in any mineral properties, however, the Company is in the process of obtaining shareholder and regulatory approval for the Niaouleni Gold Project (Notes 11, 15) option agreement. The address of the Company’s registered office is 1550 Bedford Highway, Suite 802, Bedford, Nova Scotia, B4A 1E6. The Company’s shares are listed on the NEX board of the TSX Venture Exchange under the trading symbol “SYG.H”.

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, 2021, the Company had a working capital surplus of \$150,535 (February 28, 2021 - \$1,156,468 deficiency), incurred losses for the current six month of \$160,017 (August 31, 2020 - \$15,737), and had an accumulated deficit of \$3,258,495 (February 28, 2021 - \$3,098,478). To recapitalize the Company, on June 22, 2021, the Company: completed a \$1 million private placement and issued common shares to settle \$410,000 of payables owed to a Company director and a former director (notes 8, 12).

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. 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.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

NATURE OF OPERATIONS AND GOING CONCERN (continued)

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. Its impact on global economies has been far-reaching and business around the world have had to cease or limit operations for long or indefinite periods of time. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on our financial position and results, exploration activities, workers, partners, consultants, suppliers and on global financial markets. The Company is proceeding with its search for exploration properties and plans on conducting related exploration activities, as long as the work environment remains safe.

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, 2021, were approved and authorized for issue by the Company’s board of directors on October 21, 2021.

Basis of Presentation and Consolidation

These consolidated financial statements include the accounts of the Company and its two wholly owned Canadian incorporated subsidiaries, Glencoe Resources Inc. and Great Bras d’Or Springs 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 and loss. These consolidated financial statements are presented in Canadian dollars, which is the Company’s and its subsidiaries functional currency.

These 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 2021 annual consolidated financial statements. These interim results are not necessarily indicative of the results that may be anticipated for the entire fiscal 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.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Exploration and evaluation interests

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral property interests. In respect of costs incurred for its mineral property interests, management has determined that acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit, including geologic and metallurgic information, economics assessment/studies, accessible facilities, existing permits, and ability to continue development. Management determined that there are no indicators of impairment on its exploration and evaluation interests.

Exploration and evaluation - Impairment

The assessment of any impairment or recovery of exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions. Judgment is required in assessing the appropriate level of cash generating units to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Fair value of share-based payments and warrants

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

Accrued liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

4. SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies, as described in Note 4 of the Company's audited consolidated financial statements for the year ended February 28, 2021, have been applied consistently to all periods presented in these financial statements, unless otherwise noted.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

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 shareholders' equity. In order to maintain its capital structure, the Company is dependent on equity funding and loans from related parties. Funding through equity instruments is comprised of common shares, warrants and incentive stock options. The Board of Directors does not establish 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. LAND

The Company owns a spring water resource property in Victoria County, Cape Breton, Nova Scotia. There are currently no plans to develop this property.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31 2021	February 28 2021
Trade payables	\$ 64,360	\$ 170,508
Accrued liabilities	10,336	30,100
Related parties (note 12)	-	499,842
	\$ 74,696	\$ 700,450

8. SHARE CAPITAL

Authorized

Unlimited common shares.

Shares issued – Private Placements

On June 22, 2021, the Company completed a private placement by issuing 10,000,000 units at \$0.10 per unit for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.15 for a period of 12 months, expiring on June 22, 2022. The fair value of the unit warrants was estimated at \$244,950 using the relative fair value method.

Shares issued – Debt settlements

On April 9, 2021, the Company issued 324,231 common shares at \$0.175 per share to settle trade payables of \$81,058. A deemed price of \$0.25 per share was used to determine the number of shares to issue.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

SHARE CAPITAL (continued)

On June 22, 2021, the Company issued 1,640,000 common shares at \$0.265 per share to settle \$410,000 of payables owed to a Company director and a former Company director (Note 12). A deemed price of \$0.25 per share was used to determine the number of shares to issue.

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.

There were no options outstanding or activity during the six month period ended August 31, 2021 or for the year ended February 28, 2021.

9. WARRANTS

Warrant transactions and number of warrants outstanding are as follows:

	Number	Weighted average exercise price	Relative fair value
Balance, February 29, 2020 and February 28, 2021	-	\$0.00	\$ -
Issued (note 8)	5,000,000	0.15	244,950
Balance, August 31, 2021	5,000,000	\$0.15	\$ 244,950

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

	2021
Dividend yield	Nil
Expected volatility (based on historical prices)	140%
Risk-free rate of return	0.41%
Expected life	1 Year
Share price	\$0.265

The following summarizes information on the outstanding warrants:

Expiry Date	Number	Exercise price	Weighted average remaining life (years)	Relative fair value
June 22, 2022	5,000,000	\$0.15	0.81	\$ 244,950

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

10. CORPORATE AND ADMINISTRATIVE

	Three months ended		Six months ended	
	August 31		August 31	
	2021	2020	2021	2020
Consulting (note 12)	\$ 19,172	\$ 680	\$ 20,834	\$ 1,180
Filing and transfer agent fees	12,157	7,610	31,317	9,550
Management fees (notes 12)	8,333	-	8,333	-
Office and general	1,677	342	1,866	691
Professional fees	44,732	1,589	58,207	3,315
Shareholder relations and promotion	1,068	-	5,420	-
	\$ 87,139	\$ 10,221	\$ 125,977	\$ 14,736

11. MINERAL PROPERTIES

Niaouleni Gold Project – Mali, West Africa

The Company is in the process of obtaining approval for an option agreement to acquire the Niaouleni Gold Project (Note 15). Prior to entering into the Option Agreement, the Company began its due diligence process. To facilitate the process, the Company incurred costs through Niaouleni Gold Inc. to advance a NI 43-101 technical report and conduct a mapping program of artisanal workings. These expenditures are recorded under the project evaluation account.

12. RELATED PARTY TRANSACTIONS AND BALANCES

	Three months ended		Six months ended	
	August 31		August 31	
	2021	2020	2021	2020
Consulting (i. ii)	\$ 16,667	\$ -	\$ 16,667	\$ -
Management fees (iii)	8,333	-	8,333	-
Project evaluation (iv)	33,219	-	33,219	-
	\$ 58,219	\$ -	\$ 58,219	\$ -

- (i) Consulting fees were paid to a company controlled by a Company director for project management services.
- (ii) Consulting fees were paid to a company controlled by a Company officer/director for bookkeeping services. These services began on July 1, 2021.
- (iii) Management fees were paid to a company controlled by a Company officer/director for the services of the Company's President and Chief Executive Officer. These services began on August 3, 2021.
- (iv) Niaouleni Gold Inc. is party to the Option Agreement for the Niaouleni Gold Project (Notes 11, 15) and is related by virtue of a common officer/director. The amounts recorded under project evaluation represent due diligence costs related to the Niaouleni Gold Project.

SYLLA GOLD CORP. (formerly, Atlantic Industrial Minerals incorporated)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Accounts payable and accrued liabilities include \$nil (February 28, 2021 - \$499,842) payable to a Company directors/officers or companies controlled by Company directors/officers and a former Company director (the "Former Director"), who departed the Company on June 25, 2018. On June 22, 2021, the Company issued 1,640,000 common shares to a Company director and the Former Director in settlement of \$410,000 of payables that were comprised of:

- (a) a deferred \$350,000 payment pursuant to an agreement made on June 24, 2014, (subsequently amended on February 1, 2017) between the Company and a Company director and the Former Director, which was comprised of unpaid consulting and professional fees and outstanding payments related to the acquisition of the Company's former Kewstoke Carbonate property. The Company director and the Former Director were each owed \$175,000; and,
- (b) \$60,000 of accrued fees, of which each were owed \$30,000.

Loans payable of \$186,000 (February 28, 2021 - \$475,779) consist of cash loans from Company directors/officers, companies controlled by Company directors/officers and the Former Director. During the current six month period, the Company received cash loans of \$6,000 (August 31, 2021 - \$25,549) and repaid loans of \$295,779 (August 31, 2021 - \$nil). These amounts are or were unsecured, non-interest bearing with no fixed terms of repayment.

13. LOSS PER SHARE

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.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

The carrying value of 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 7 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.

As at August 31, 2021, cash was the only financial instrument within the fair value hierarchy and was classified as Level 1.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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. Financial instruments that potentially expose the Company to this risk consist of cash. The Company mitigates the risk to its cash by depositing its cash with Canadian banks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall 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 relies 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 loans payable have no specific terms of repayment. As at August 31, 2021, the Company had cash of \$385,442 to settle current liabilities of \$260,696.

Currency Risk

The Company is not exposed to foreign currency risk as it currently operates in Canada and its expenditures are in Canadian dollars.

Interest Rate Risk

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.

15. SUBSEQUENT EVENTS

Niaouléni Gold Project – Mali, West Africa

On September 15, 2021, the Company entered into a definitive option agreement with Niaouléni Gold Inc. and Niaouléni Gold Mali SARL, a wholly owned subsidiary of Niaouléni Gold Inc., pursuant to which the Company has been granted an option (the "Option") to acquire an indirect 100-per-cent interest in a 9,400 hectares gold exploration permit located in the Republic of Mali. The Company is in the process of obtaining shareholder and regulatory approval for the Niaouléni Gold Project option agreement.

In order to exercise the Option, the Company shall:

- (a) pay an aggregate of \$700,000* over a three (3) year period (the "Option Period") as follows:
 - (i) \$50,000 upon receipt of TSX Venture Exchange approval (the "Effective Date");
 - (ii) \$50,000 on the first anniversary of the Effective Date;
 - (iii) \$100,000 on the second anniversary of the Effective Date; and,
 - (iv) \$500,000 on the third anniversary of the Effective Date.

* The Company has the right to defer any of these cash payments until such time the Company has completed a private placement of at least \$1,000,000.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended August 31, 2021

SUBSEQUENT EVENTS (continued)

- (b) Issue 9,000,000 common shares of the Company in four (4) instalments as follows:
 - (i) issue 1,000,000 common shares on the Effective Date;
 - (ii) issue 1,000,000 common shares on the first anniversary of the Effective Date;
 - (iii) issue 2,000,000 common shares on the second anniversary of the Effective Date; and,
 - (iv) issue 5,000,000 common shares on the third anniversary of the Effective Date.

- (c) Incur an aggregate of \$1,380,000 of exploration expenditures over the Option Period, as follows:
 - (i) first year \$220,000
 - (ii) second year \$460,000
 - (iii) third year \$700,000

In the event the Option is exercised, Niaouleni Gold Inc. shall retain a 3-per-cent net smelter return royalty (NSR). The Company reserves the right to purchase up to 2 per cent of the NSR (resulting in the remaining NSR being at least 1 per cent) for a cost of up to \$2-million.

During the Option Period the Company is required to keep the permit in good standing. The Company is not entitled to any partial interest in the permit in the event the Option is not exercised.

Subsequent to August 31, 2021, the Company paid \$12,454 to Niaouleni Gold Inc. for additional due diligence expenditures. Mr. Gregory Isenor, a director and officer of the Company, is also a director, officer and shareholder of Niaouleni Gold Inc.