

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 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	November 30 2021	February 28 2021
ASSETS		
Current		
Cash	\$ 188,046	\$ 301
Sales tax receivable	18,109	5,460
Prepaid expenses and deposits (notes 11, 12)	99,843	14,000
	305,998	19,761
Land (note 6)	26,500	26,500
	\$ 332,498	\$ 46,261
LIABILITIES		
Current		
Accounts payable and accrued liabilities (notes 7,12)	\$ 63,268	\$ 700,450
Loans payable (note 12)	186,000	475,779
	249,268	1,176,229
EQUITY (DEFICIENCY)		
Share capital (note 8)	3,190,580	1,968,510
Warrants (note 9)	244,950	-
Deficit	(3,352,300)	(3,098,478)
	83,230	(1,129,968)
	\$ 332,498	\$ 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		Nine months ended	
	November 30		November 30	
	2021	2020	2021	2020
Expenses				
Corporate and administrative (notes 10, 12)	\$ 127,206	\$ 8,284	\$ 253,183	\$ 23,020
Exploration and evaluation (note 11)	-	-	-	1,650
Project evaluation (note 11)	(33,219)	-	-	-
Foreign exchange loss	(182)	-	357	-
	93,805	8,284	253,540	24,670
Other expenses (income)				
Loss on debt settlement (note 8)	-	-	282	-
Interest income	-	-	-	(649)
Net loss and comprehensive loss	\$ (93,805)	\$ (8,284)	\$ (253,822)	\$ (24,021)
Basic and diluted loss per share (note 13)	\$ (0.006)	\$ (0.002)	\$ (0.021)	\$ (0.005)
Weighted average number of common shares outstanding: Basic and diluted	16,890,914	4,926,683	12,061,950	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	-	-	-	(24,021)	(24,021)
Balance, November 30, 2020	4,926,683	1,968,510	-	(3,191,610)	(1,223,100)
Net income for the period	-	-	-	93,132	93,132
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	-	-	-	(253,822)	(253,822)
Balance, November 30, 2021	16,890,914	\$ 3,190,580	\$ 244,950	\$ (3,352,300)	\$ 83,230

* 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 November 30		Nine months ended November 30	
	2021	2020	2021	2020
Operating activities				
Loss for the period	\$ (93,805)	\$ (8,284)	\$ (253,822)	\$ (24,021)
Adjustments to reconcile loss to net cash used:				
Loss on debt settlement	-	-	282	-
	(93,805)	(8,284)	(253,540)	(24,021)
Changes in non-cash working capital items				
Sales tax receivable	(7,560)	741	(12,649)	20,545
Prepaid expenses and deposits	(84,603)	-	(85,843)	-
Accounts payable and accrued liabilities	(11,428)	6,205	(146,124)	(17,445)
	(197,396)	(1,338)	(498,156)	(20,921)
Financing activities				
Loan proceeds received (note 12)	-	-	6,000	25,549
Loan payable repayments (note 12)	-	-	(295,779)	-
Units issued by private placement	-	-	1,000,000	-
Share issuance costs	-	-	(24,320)	-
	-	-	685,901	25,549
Net change in cash	(197,396)	(1,338)	187,745	4,628
Cash, beginning of period	385,442	6,576	301	610
Cash, end of period	\$ 188,046	\$ 5,238	\$ 188,046	\$ 5,238
Supplemental disclosure				
Shares issued for debt (note 8)	\$ -	\$ -	\$ 491,058	\$ -

See accompanying notes.

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

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 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. On September 21, 2022, the Company entered into a definitive option agreement to acquire the Nialouleni Gold Project in Mali, West Africa, subject to regulatory approval (note 11). 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 November 30, 2021, the Company had a working capital surplus of \$56,730 (February 28, 2021 - \$1,156,468 deficiency), incurred losses for the current nine period month of \$253,822 (November 30, 2020 - \$24,021), and had an accumulated deficit of \$3,352,300 (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). In addition, On January 27, 2022, the Company announced that it intends to complete private placement for potential proceeds of up to \$3,000,000 million (note 15).

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 nine months ended November 30, 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 nine month period ended November 30, 2021, were approved and authorized for issue by the Company's board of directors on January 27, 2022.

Basis of Presentation and Consolidation

These consolidated financial statements include the accounts of the Company and its two wholly owned inactive 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 nine months ended November 30, 2021

ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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.

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.

Measurement of shares issued for debt

The Company measures the fair value of the shares issued to settle debt by using the closing market price of the Company's common shares on the date of issuance. The difference between the fair value of the shares issued and the carrying value of the debt may result in a gain or loss on debt settlement.

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.

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.

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.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 2021

CAPITAL MANAGEMENT (continued)

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 nine 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

	November 30 2021	February 28 2021
Trade payables	\$ 39,219	\$ 170,508
Accrued liabilities	12,000	30,100
Related parties (note 12)	12,049	499,842
	\$ 63,268	\$ 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.

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 nine month period ended November 30, 2021 or for the year ended February 28, 2021.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 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	-	\$ -	\$ -
Issued (note 8)	5,000,000	0.15	244,950
Balance, November 30, 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	0.56	\$ 244,950

10. CORPORATE AND ADMINISTRATIVE

	Three months ended		Nine months ended	
	2021	November 31 2020	2021	November 31 2020
Consulting (note 12)	\$ 43,000	\$ 600	\$ 63,834	\$ 1,780
Filing and transfer agent fees	20,197	6,110	51,514	15,660
Management fees (note 12)	25,000	-	33,333	-
Office and general	2,275	74	4,141	765
Professional fees	25,654	1,500	83,861	4,815
Shareholder relations and promotion	11,080	-	16,500	-
	\$ 127,206	\$ 8,284	\$ 253,183	\$ 23,020

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 2021

11. MINERAL PROPERTIES

Niaouleni Gold Project – Mali, West Africa

On September 15, 2021, the Company entered into a definitive option agreement (the “Option Agreement”) with Niaouleni Gold Inc. and Niaouleni Gold Mali SARL, a wholly owned subsidiary of Niaouleni 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. Mr. Gregory Isenor, a director and officer of the Company, is also a director, officer and shareholder of Niaouleni Gold Inc. The Company has received shareholder approval and is in the process of obtaining regulatory approval for the 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.

- (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.

As at November 30, 2021, the prepaid expenses and deposits account includes \$97,193 of expenditures related to the Niaouleni Gold Project (note 12). Upon receipt of TSX Venture Exchange approval of the Option Agreement these costs will be written-off to the exploration and evaluation account. Prior to entering into the Option Agreement, the Company began its due diligence process and incurred project evaluation costs of \$33,219, which costs were subsequently re-allocated to the prepaid expenses and deposits account.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 2021

MINERAL PROJECTS (continued)

Glencoe Carbonate Project

On February 11, 2021, the Company disposed of its 100% interest in the Glencoe Carbonate Property located in Inverness County, Cape Breton, Nova Scotia. The disposition was made pursuant to an option agreement made between the Company and a Company director on July 12, 2019. The Company incurred related exploration and evaluation expenditures of \$nil (2021- \$1,650) for the nine month period ended November 30, 2021.

12. RELATED PARTY TRANSACTIONS AND BALANCES

	Three months ended		Nine months ended	
	November 31		November 31	
	2021	2020	2021	2020
Consulting (i)	\$ -	\$ -	\$ 8,333	\$ -
Consulting (ii)	12,500	-	20,834	-
Management fees (iii)	25,000	-	33,333	-
	\$ 37,500	\$ -	\$ 62,500	\$ -

- (i) Consulting fees were paid to a company controlled by a Company officer/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.

Prepaid expenses and deposits include \$76,977 paid or payable to Niaouleni Gold Inc., which is party to the Option Agreement for the Niaouleni Gold Project (note 11) and is related by virtue of a common officer/director.

Accounts payable and accrued liabilities include \$12,049 (February 28, 2021 - \$499,842) payable to a Company directors/officers, Niaouleni Gold Inc. 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 fiscal 2021 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 nine month period, the Company received cash loans of \$6,000 (November 30, 2021 - \$25,549) and repaid loans of \$295,779 (November 30, 2021 - \$nil). These amounts are or were unsecured, non-interest bearing with no fixed terms of repayment.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 2021

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 November 30, 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 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 November 30, 2021, the Company had cash of \$188,046 to settle current liabilities of \$249,268.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended November 30, 2021

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

- (a) On January 27, 2022, the Company announced that it intends to complete a private placement of up to 15,000,000 units at \$0.20 per unit for potential gross proceeds of \$3,000,000. Each unit is comprised of one common share and one common share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.32 for a period of twenty-four (24) months. The private placement is expected to close on or before February 28, 2022.
- (b) Subsequent to November 30, 2022, the Company paid \$10,134 to Niaouleni Gold Inc. for additional Niaouleni Gold Project expenditures.