

Element79 Gold Corp.

Financial Statements

**For the Year Ended August 31, 2021 and
For the Period from the Date of Incorporation on February 27, 2020 to
August 31, 2020**

(Expressed in Canadian dollars)



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Element79 Gold Corp.

Opinion

We have audited the accompanying financial statements of Element79 Gold Corp. (the “Company”), which comprise the statements of financial position as at August 31, 2021 and 2020, and the statements of loss and comprehensive loss, cash flows and changes in equity for the year ended August 31, 2021 and the period from the date of incorporation on February 27, 2020 to August 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2021 and 2020, and its financial performance and cash flows for the year ended August 31, 2021 and the period from the date of incorporation on February 27, 2020 to August 31, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditors' report thereon, in the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & ASSOCIATES LLP"

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 20, 2021

Element79 Gold Corp.
Statements of Financial Position
As at August 31, 2021 and 2020
(Expressed in Canadian dollars)

	Notes	2021	2020
		\$	\$
ASSETS			
Current assets			
Cash		302,234	66,257
Amounts receivable		19,810	650
Prepaid expenses		244,022	10,000
Total current assets		566,066	76,907
Exploration and evaluation assets	5	89,750	29,941
Deferred financing charges	6	358,724	-
Total assets		1,014,540	106,848
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities		412,655	6,000
EQUITY AND LIABILITIES			
Equity			
Share capital	8	884,356	51,600
Share subscriptions received in advance		-	63,000
Contributed surplus		356,987	-
Deficit		(639,458)	(13,752)
		601,885	100,848
Total equity and liabilities		1,014,540	106,848

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 14)

Subsequent events (Note 16)

APPROVED BY THE BOARD:

“Konstantin Lichtenwald”

Konstantin Lichtenwald

“Julie Hajduk”

Julie Hajduk

The accompanying notes are an integral part of these financial statements.

Element79 Gold Corp.

Statements of Loss and Comprehensive Loss

For the Year Ended August 31, 2021, and

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
		\$	\$
Expenses			
Advertising and marketing		-	6,825
Consulting fees		23,839	-
Insurance		3,020	-
Investor Relations and marketing		88,959	-
Listing and filing fees		52,633	-
Management and director fees	7	126,000	-
Office expenses		37,521	204
Professional fees		145,471	6,723
Share-based compensation	8	148,263	-
Net and comprehensive loss for the period		(625,706)	(13,752)
Loss per share			
Basic and diluted	9	(0.02)	(0.00)
Weighted average number of common shares issued and outstanding		32,921,520	9,633,979

The accompanying notes are an integral part of these financial statements.

Element79 Gold Corp.

Statements of Cash Flows

For the Year Ended August 31, 2021, and

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

	Notes	2021	2020
		\$	\$
OPERATING ACTIVITIES			
Loss for the period		(625,706)	(13,752)
Non-cash items			
Shares issued for consulting fees	8	2,500	-
Share-based compensation	8	148,263	-
Changes in operating working capital:			
Increase in amounts receivable		(19,160)	(650)
Increase in prepaid expenses		(234,022)	(10,000)
Increase in trade payables and accrued liabilities		406,655	6,000
Cash used in operating activities		(321,470)	(18,402)
INVESTING ACTIVITIES			
Exploration and evaluation properties expenditures	5	(55,809)	(28,341)
Cash used in investing activities		(55,809)	(28,341)
FINANCING ACTIVITIES			
Issuance of common shares	8	617,132	50,000
Share subscriptions received in advance		-	63,000
Share issue costs		(3,876)	-
Cash from financing activities		613,256	113,000
Increase in cash		235,977	66,257
Cash, beginning of the period		66,257	-
Cash, end of the period		302,234	66,257

Supplemental cash flow information (Note 10)

The accompanying notes are an integral part of these financial statements.

Element79 Gold Corp.
Statements of Changes in Equity
For the Year Ended August 31, 2021,
For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020
(Expressed in Canadian dollars)

	Number of common shares	Common shares	Share subscriptions received in advance	Contributed surplus	Deficit	Total
		\$	\$	\$	\$	\$
Balances, February 27, 2020	1	-	-	-	-	-
Shares issued for cash (Note 8)	10,000,000	50,000	-	-	-	50,000
Shares issued for exploration and evaluation assets (Notes 5 and 8)	80,000	1,600	-	-	-	1,600
Share subscriptions received in advance	-	-	63,000	-	-	63,000
Net loss for the period	-	-	-	-	(13,752)	(13,752)
Balances, August 31, 2020	10,080,001	51,600	63,000	-	(13,752)	100,848
Shares issued for cash (Note 8)	30,521,320	680,132	(63,000)	-	-	617,132
Shares issued for exploration and evaluation assets (Notes 5 and 8)	200,001	4,000	-	-	-	4,000
Shares issued for consulting fees (Note 8)	50,000	2,500	-	-	-	2,500
Shares issued for financing fees (Notes 6 and 8)	3,000,000	150,000	-	-	-	150,000
Share issue costs	-	(3,876)	-	-	-	(3,876)
Warrants issued for financing fees (Notes 6 and 8)	-	-	-	208,724	-	208,724
Share-based compensation (Note 8)	-	-	-	148,263	-	148,263
Net loss for the year	-	-	-	-	(625,706)	(625,706)
Balances, August 31, 2021	43,851,322	884,356	-	356,987	(639,458)	601,885

The accompanying notes are an integral part of these financial statements.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Element79 Gold Corp., (“Element79” or the “Company”) was incorporated under the Company Act (British Columbia) on February 27, 2020. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

The address of the Company’s corporate office and principal place of business is Suite 230, 997 Seymour Street, Vancouver B.C., V6B 3M1.

Going concern

These unaudited financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at August 31, 2021, the Company had cash of \$302,234 (2020 - \$66,257), liabilities of \$412,655 (2020 - \$6,000) and incurred accumulated losses of \$639,458 (2020 - \$13,752) since inception.

The Company is a mineral exploration company focusing on the acquisition and development of mineral property interests. The Company’s continuation as a going concern and the underlying value and recoverability of the carrying amounts for exploration and evaluation assets are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to raise equity capital or borrowings sufficient to meet current and future obligations and to complete the exploration and development of mineral property interests, and achievement of future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company’s future financial results.

2. BASIS OF PREPARATION

Basis of presentation

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, which is also the Company’s functional currency, except where otherwise indicated, and all values are rounded to the nearest dollar.

Statement of compliance

These financial statements of the Company, including comparatives, have been prepared in accordance with accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation properties

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs, provided that the Company has the intention of exercising the underlying option, and may consist of cash payments and/or share issuances at the market price of the Company's shares at the date of issuance.

Property option agreements are exercisable at the option of the optionee. Therefore, option payments are recorded when payment is made and not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset, and amortized over the life of the mine.

Impairment of long-lived assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the year when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Financial instruments

At initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

Financial Assets at Amortized Cost

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTOCI

The financial asset is subsequently measured at FVTOCI if the financial asset is held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value with gains or losses recognized within other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Transaction costs are included in the initial carrying amount of the asset.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial Assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash is included in this category of financial assets.

Derivatives designed as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities). Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designed as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares, share purchase warrants and stock options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

The Company's Stock Option Plan (the "Option Plan") provides the Company's employees and consultants with the right to elect to receive common shares in exchange for options surrendered. The Company records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the statement of comprehensive loss as share-based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Company's shares, the expected lives of the awards of share-based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Exploration and evaluation expenditures (continued)

in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the year that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at August 31, 2020. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulators and negotiations with regulatory authorities.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future years.

5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties includes the following amounts as at August 31, 2021:

	Dale Property
	\$
ACQUISITION COSTS	
Balance, February 27, 2020	-
Cash payments	12,000
Shares issued	1,600
Balance, August 31, 2020	13,600
Shares issued	4,000
Balance, August 31, 2021	17,600
EXPLORATION AND EVALUATION COSTS	
Balance, February 27, 2020	-
Field expenses	921
Assaying and Sampling	5,000
NI43-101 Report	10,420
Balance, August 31, 2020	16,341
Assaying and Sampling	1,010
Claims maintenance fee	4,022
Exploration program	36,966
Field expenses	1,782
NI43-101 Report	12,029
Balance, August 31, 2021	72,150
Total costs	89,750

Element79 Gold Corp.

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For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

Dale Property

On April 7, 2020, the Company entered into a property option agreement with Jean Marc Gaudreau (“Optionor”) to acquire a 100% right, title and interest in and to the Dale property (“Property”), subject only to a NSR Royalty.

The Property is located in Ontario, Canada and is comprised of 90 Mineral Rights, covering an area of approximately 1,735 hectares.

In order to exercise the option, the Company must complete the following requirements:

- a) Make aggregate cash payments of \$127,000 as follows:
 - a. \$12,000 within 30 days of the date of the option agreement (paid)
 - b. \$15,000 on or before December 31, 2021
 - c. \$18,000 on or before December 31, 2022
 - d. \$21,000 on or before December 31, 2023
 - e. \$51,000 on or before December 31, 2024
- b) Issue a total of 200,001 common shares of the Company at a deemed price of \$0.05 per share within 180 days of the option agreement (issued) (Note 8). Shares are subject to a 4-month hold period from the date of the public listing on the Canadian Stock Exchange.
- c) Make aggregate share payments totaling \$192,000 calculated at the price of the average VWAP of the 10 trading days prior to the issuance date:
 - a. \$30,000 on or before December 31, 2021
 - b. \$33,000 on or before December 31, 2022
 - c. \$36,000 on or before December 31, 2023
 - d. \$93,000 on or before December 31, 2024
- d) Execute and deliver to the Optionor on the Closing Date the NSR Royalty granting the Optionor a 0.5% NSR royalty on the Property, subject to the right of the Company to re-purchase 100% of the NSR Royalty for a total consideration of \$525,000 at any time.

A pre-existing 1% NSR to the benefit of Keystone Associates Inc. existed on the property prior to this agreement and is additional to the 0.5% NSR required as part of Element79’s option to purchase.

In addition to the option agreement, the Company paid a finder’s fee of 80,000 common shares valued at \$1,600 to a third party (Notes 8 and 10).

Element79 Gold Corp.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

6. EQUITY DRAWDOWN FACILITY

On September 14, 2020, the Company entered into a non-revolving Equity Drawdown Facility (the “Facility”) that allows the Company to utilize funding for an aggregate amount of \$5,000,000. The Company can draw down funds from the Facility from time to time during the three-year term at the Company’s discretion by providing a notice (“Drawdown Notice”) to the investor Crescita Capital LLC (“Investor”), and in return for each Drawdown Notice, the Company will allot and issue fully paid shares to the Investor in form of a “Private Placement”. The shares issued in connection with any Private Placement will be priced at the higher of (i) \$0.05 and (ii) 90% of the volume-weighted average price of the Shares for the ten trading days prior to the issue date of such Shares.

In connection with the Facility, the Company paid a 3% commission in shares (3,000,000 common shares valued at \$150,000) and issued share purchase warrants equal to 8.5% of the outstanding shares of the Company at the time of closing of the Facility (3,394,050 share purchase warrants valued at \$208,724). Each of the share purchase warrants can be exercised to purchase one common share of the Company at a price of \$0.10 per share until October 1, 2023 (Note 8). The value of the financing fees is recorded as a deferred financing charge and is being amortized as share issue costs based on the amount drawn down from the Facility. As at August 31, 2021, the carrying amount of the deferred financing charges is \$358,724.

7. RELATED PARTY TRANSACTIONS

Key management personnel compensation

During the year ended August 31, 2021, the Company paid \$126,000 to key management personnel, of which \$60,000 was paid to the CEO, \$60,000 was paid to a company controlled by a director of the Company and \$6,000 was paid to directors of the Company.

The Company also granted 900,000 stock options to directors and officers of the Company and recognized related share-based compensation of \$ \$66,528 (Note 8).

As at August 31, 2021, \$4,311 was due to the CFO for expenses incurred on behalf of the Company and \$4,000 was due to other directors of the Company.

8. SHARE CAPITAL

Authorized share capital

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As at August 31, 2021, the Company had 43,851,322 common shares issued and outstanding.

Share issuance

On April 30, 2021, 460,500 special warrants converted to 460,500 common shares of the Company.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

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(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Share issuance (continued)

On February 26, 2021, 410,820 special warrants converted to 410,820 common shares of the Company.

On January 3, 2021, 29,650,000 special warrants converted to one common share and one-half share purchase warrant. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of \$0.10 per common share until September 2, 2023. The full proceeds were allocated to the shares under the residual value method.

On October 1, 2020, the Company issued 3,000,000 common shares to Crescita valued at \$150,000 as financing fees related to the Facility (Notes 6 and 10).

On October 1, 2020, the Company issued additional 50,000 common shares to Crescita valued at \$2,500 as consulting fee for advisory services to be provided by Crescita.

On September 18, 2020, the Company issued 200,001 common shares valued at \$4,000 to the owners of the Dale Property (Notes 5 and 10).

On April 7, 2020, the Company issued 80,000 common shares valued at \$1,600 as finder's fees for the introduction of the Company to the owners of the Dale Property (Notes 5 and 10).

On March 6, 2020, the Company issued 10,000,000 units for proceeds of \$50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable for \$0.10 per common share until March 6, 2025. The full proceeds were allocated to the shares under the residual value method.

Escrow securities

As at August 31, 2021, 4,339,500 common shares and 2,875,000 share purchase warrants were held in escrow. Escrow securities will be released over a period of 36 months, as to 10% on the date the Company's securities are listed on a Canadian exchange (the "Listing Date") and an additional 15% every six months following the completion of the first release on the Listing Date.

Special warrants

On December 29, 2020, investors subscribed to 460,500 special warrants at a price of \$0.10 per special warrant for total proceeds of \$46,050. On April 30, 2021, each special warrant converted to one common share of the Company.

On October 25, 2020, investors subscribed to 410,820 special warrants at a price of \$0.10 per special warrant for total proceeds of \$41,082. In connection with this private placement, the Company paid cash finder's fee of \$2,876 and other cash costs of \$1,000. On February 26, 2021, each special warrant converted to one common share of the Company.

Element79 Gold Corp.

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For the Year Ended August 31, 2021

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8. SHARE CAPITAL (continued)

Special warrants (continued)

On September 2, 2020, investors subscribed to 29,650,000 special warrants at a price of \$0.02 per special warrant for total proceeds of \$593,000. On January 3, 2021, each special warrant converted to one common share and one-half share purchase warrant of the Company. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of \$0.10 per share until September 2, 2023.

Share purchase warrants

On January 3, 2021, 29,650,000 special warrants converted to one common share and one-half share purchase warrant. Each full share purchase warrant can be exercised to purchase one additional common share of the Company at a price of \$0.10 per common share until September 2, 2023.

On October 1, 2020, the Company issued 3,394,050 share purchase warrants to Crescita (Note 6). The warrants have an exercise price of \$0.10 per common share and are exercisable for three years until October 1, 2023. The fair value of these share purchase warrants granted was determined to be \$208,724 based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.10; expected life of 3 years; expected volatility of 100%; risk free interest rate of 0.25%; expected dividend yield rate of 0%.

On March 6, 2020, the Company issued 10,000,000 units for proceeds of \$50,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable for \$0.10 per common share until March 6, 2025.

As at August 31, 2021, the following share purchase warrants were outstanding:

Number of warrants	Exercise price	Expiry date
14,825,000	\$0.10	September 2, 2023
3,394,050	\$0.10	October 1, 2023
10,000,000	\$0.10	March 6, 2025
28,219,050	\$0.10	

Element79 Gold Corp.

Notes to the Financial Statements

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8. SHARE CAPITAL (continued)

Stock options

On November 20, 2020, the Company adopted a Stock Option Plan which provides that the Board of Directors may from time to time, at its discretion, grant options exercisable over periods of up to 10 years and will not have an exercise price lower than the greater of the closing market price of the underlying securities on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options. The maximum number of common shares which may be issued pursuant to options granted under the Stock Option Plan will be 10% of the issued and outstanding common shares at the time of the grant. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares in any 12 month period or 2% if the optionee is engaged in investor relations activities or is a consultant. The Stock Option Plan contains no vesting requirements, other than for consultants performing investor relations activities but permits the Board to specify a vesting schedule at its discretion.

On April 15, 2021, the Company granted 600,000 stock options to a consultant of the Company. The stock options have an exercise price of \$0.10 per common share, vest at a rate of 50,000 stock options per month over 12 months and are exercisable for five years until April 15, 2026.

The fair value of these stock options was determined to be \$44,550, and the Company expensed \$29,995 during the year ended August 31, 2021 in relation to the vesting of these stock options. The value was determined using the Black-Scholes Option Pricing Model using the following assumptions:

	Year ended August 31, 2021
Risk-Free Annual Interest	0.92%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Stock options (continued)

On December 31, 2020, the Company granted 500,000 stock options to a consultant of the Company. The stock options have an exercise price of \$0.10 per common share and are exercisable for five years until December 31, 2025.

The fair value of these stock options was determined to be \$36,955 using the Black-Scholes Option Pricing Model using the following assumptions:

	Year ended August 31, 2021
Risk-Free Annual Interest	0.40%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On November 20, 2020, the Company granted 1,100,00 stock options to certain directors, officers, and consultants of the Company. The stock options have an exercise price of \$0.10 per common share and are exercisable for five years until November 20, 2025.

The fair value of these stock options was determined to be \$81,313 (Note 7) using the Black-Scholes Option Pricing Model using the following assumptions:

	Year ended August 31, 2021
Risk-Free Annual Interest	0.42%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

9. LOSS PER SHARE

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive. As at August 31, 2021, basic and diluted loss per share are the same, as stock options or share purchase warrants have an anti-dilutive effect.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

10. SUPPLEMENTAL CASH FLOW INFORMATION

During the year ended August 31, 2021, the Company had the following non-cash investing and financing transactions:

During the year ended August 31, 2021, the Company issued 200,001 common shares valued at \$4,000 to the owners of the Dale Property (Notes 5 and 8).

During the year ended August 31, 2021, the Company issued 3,000,000 common shares to Crescita valued at \$150,000 as financing fees related to the Facility (Notes 6 and 8).

On April 7, 2020, the Company issued 80,000 common shares valued at \$1,600 as finder's fees for the introduction of the Company to the owners of the Dale Property (Notes 5 and 8).

11. FINANCIAL INSTRUMENTS

Categories of financial instruments

	August 31, 2021	August 31, 2020
	\$	\$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash	302,234	66,257
Amounts receivable	-	650
Total financial assets	322,044	66,907
Other liabilities, at amortized cost		
Trade payables	412,655	6,000
Total financial liabilities	412,655	6,000

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk
- Currency Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and equity price risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. This risk is considered minimal.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with major financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash and restricted cash balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at August 31, 2021, the Company had a cash balance of \$302,234 (2020 - \$66,257) and gross receivables of \$19,810 (2020 - \$650) to settle current liabilities due in twelve months or less of \$412,655 (2020 - \$6,000) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

For the Period from the Date of Incorporation on February 27, 2020 to August 31, 2020

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)

Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. During the year ended August 31, 2021, the Company has not had foreign currency transactions, and therefore was not exposed to currency risk.

Determination of Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and
- Level 3 – Inputs that are not based on observable market data.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, amount receivable and trade payable and accrued liabilities approximate fair value due to their short-term nature.

12. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain an appropriate capital base in order to:

1. Advance the Company's corporate strategies to create long-term value for its stakeholders;
2. Sustain the Company's operations and growth throughout metals and materials cycles; and
3. Ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at August 31, 2021, was \$302,234 (August 31, 2020 – \$66,257).

The Company does not currently have significant debt outstanding and there are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes to capital management during the year ended August 31, 2021.

Element79 Gold Corp.

Notes to the Financial Statements

For the Year Ended August 31, 2021

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(Expressed in Canadian dollars)

13. SEGMENTED INFORMATION

The Company's only business activity is exploration and development of exploration and evaluation properties carried out in Canada.

14. COMMITMENTS AND CONTINGENCIES

As at August 31, 2021, the Company has one exploration and evaluation property (Note 5). Management does not consider that any amounts related to decommissioning liabilities are payable.

The Company entered into a Platform Account Agreement dated August 4, 2021 with Social Reality Inc. The agreement is for twelve months and will automatically renew on a month-to-month basis, unless the Company provides a 30-days written notice. As at August 31, 2021, total commitment under this agreement was \$20,818.

The Company entered into an Investor Relations Master Service Agreement dated April 15, 2021 with CorpComm Services Limited ("CorpComm"). The agreement is for twelve months and may renew by a mutual written agreement executed by both parties. As at August 31, 2021, total commitment under this agreement was \$75,000.

In connection with the Company's decommissioning liabilities and the above service agreements, there is no assurance that a formal claim will not be made against the Company for certain of the payables that might exist as at August 31, 2021.

15. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2021	2020
	\$	\$
Loss before income taxes	(625,706)	(13,752)
Expected income tax recovery	168,940	3,713
Non deductible permanent differences	(39,490)	-
Unrecognized tax benefits	(129,450)	(3,713)
Total income tax recovery	-	-

The significant components of the Company's deferred income tax assets that have not been included on the statement of financial position are as follows:

Element79 Gold Corp.

Notes to the Financial Statements

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15. INCOME TAX (continued)

	2021	2020
	\$	\$
Deferred income tax assets:		
Non-capital loss carryforwards	132,326	3,713
Share issue costs	837	-
	133,163	3,713
Deferred tax assets not recognized	(133,163)	(3,713)
Net deferred tax assets	-	-

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses available for future period (Canada)	2040-2041
Share issue costs	2022-2025

16. SUBSEQUENT EVENTS

Subsequent to the year ended August 31, 2021, the Company has the following events:

On August 31, 2021, the Company elected to draw down \$1,000,000 from its Facility. The draw down was approved by Crescita Capital on September 13, 2021 and the funds were received in September 2021.

On October 1, 2021, the Company entered into a securities exchange agreement with 1316524 B.C. Ltd. ("Goldco") and the securityholders of Goldco, pursuant to which it will acquire all of the issued and outstanding securities of Goldco. The securities exchange agreement was closed on December 17, 2021 and the Company has acquired all of the issued and outstanding shares of Goldco in exchange for a \$300,000 cash payment (paid) and 2,525,000 common shares of the Company (issued on December 17, 2021).

On October 26, 2021, the Company has granted 250,000 stock options to an officer of the Company. The stock options have an exercise price of \$1.37, vest immediately and are exercisable for five years until October 26, 2026.

Element79 Gold Corp.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

16. SUBSEQUENT EVENTS (continued)

The Company signed a binding letter of intent (“LOI”) on August 17, 2021 to acquire 100% of the issued and outstanding shares in Plutus Gold Corp. (“Plutus Gold”) in exchange for a \$200,000 cash payment (paid) and 8,000,000 common shares of the Company. Plutus Gold holds the option to acquire the Snowbird high-grade gold project. On October 26, 2021, the Company has opted to finance the current drill program by Plutus Gold on the Snowbird project via a drawable loan facility up to \$1,100,000 in order to facilitate the fulfilment of Plutus Gold's obligations.

On October 27, 2021, the Company elected to draw down \$2,500,000 million from its Crescita Capital equity line facility. The draw down was approved by Crescita Capital on November 11, 2021.

On November 4, 2021, the Company has granted 150,000 stock options to an advisor of the Company. The stock options have an exercise price of \$1.32, vest immediately and are exercisable for five years until November 4, 2026.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the year ended August 31, 2021 were approved and authorized for issue by the Board of Directors on December 20, 2021.