

ELEMENT79 **▲▲▲ GOLD**

Management's Discussion and Analysis

Element79 Gold Corp.

For the year ended August 31, 2021
(Expressed in Canadian dollars)

The following management discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of Element79 Gold Corp. (the "Company") for the year ended August 31, 2021 and for the period from the date of incorporation on February 27, 2020 to August 31, 2020. Results have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated December 20, 2021.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information.

DESCRIPTION OF BUSINESS

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

Unless the context suggests otherwise, references to the “Company” or “we”, “us”, “our” or similar terms refer to Element79 Gold Corp.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements. The words “expect,” “anticipate,” “estimate,” “may,” “will,” “should,” “intend,” “believe,” “target,” “budget,” “plan,” “projection” and similar expressions are intended to identify such forward-looking statements. Information concerning mineral reserve and mineral resource estimates also may be considered forward-looking statements, as such information constitutes a prediction of what mineralization might be found to be present during operations, or if and when an undeveloped project is actually developed.

Forward-looking statements involve a number of known and unknown risks and uncertainties including statements regarding the outlook of Element79’s business and results of operations. By their nature, these risks and uncertainties could cause actual results, performance and achievements to differ materially from those indicated. Such factors include, without limitation, risks inherent in mineral exploration, changes in commodity prices, geological and metallurgical assumptions (including with respect to size, grade and recoverability of mineral resources and mineral reserves), the Company’s history of operating losses and uncertainty of future profitability, uncertainty of access to additional capital, environmental risks, as well as the world’s physical and financial health in dealing with COVID-19. In making the forward-looking statements in this MD&A, the Company has applied material assumptions, including without limitation, the assumption that any additional financing needed will be available on reasonable terms.

Additional factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, weak commodity prices and general metal price volatility; the state of the global economy and economic and political events, including the deterioration of the global capital markets, affecting supply and demand; and securing and the nature of regulatory permits and approvals and the costs of complying with environmental, health and safety laws and regulations.

The Company cannot assure investors that any of these assumptions will prove to be correct.

Element79 Gold Corp. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as is required by applicable securities regulations. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and are also advised to consider such forward looking statements while considering the risk factors set forth in this MD&A.

PROJECT OVERVIEW

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 approximately 100 km southwest of Timmins, Ontario, in the Porcupine Mining District, Dale Township. The claims are centered over the southern arm of Horwood Lake towards the south boundary of Dale Township. Access to all sides of the property is gained by a series of logging roads that can be entered from Highways

101, 144 and 129. Access to the north from Highway 101 traveling south onto the Kukatush forest road to the east part of the Property which also accesses a boat landing for the north part of Horwood Lake. The Property can be accessed year-round by air using a float plane with skis or a combination of trucks, boat, all-terrain vehicle or snow machine. Exploration work could be carried out year-round.

The geographic coordinates of the main mineral occurrence within the Property, are 47° 54' 21'' North latitude by 82° 18' 57'' West longitude, or UTM NAD83 Zone 17 T 5306600 m North by 401600 m East.

The Property is comprised of 90 unpatented single cell and boundary cell mining claims totaling approximately 1,735 hectares. The claims, in the Dale Township, are currently 100% owned by Jean Marc Gaudreau. All unpatented claims are currently in good standing and active with the earliest due date of February 25, 2022.

History

From 1968 to June 1, 2012 the Property was part of a 5-township freehold mining patent that belonged to Algoma Eastern Railways (Algoma-Talisman Minerals Limited). On June 1st, 2012, the ground opened for staking and was acquired by Keystone Associates. On Feb 1st, 2013 Keystone entered an agreement to sell the claims to Jean Marc Gaudreau. Jean Marc Gaudreau entered an agreement with Timothy Martel and subsequently optioned the Property to Element79.

A complete and comprehensive list of historical work on all claims within the current boundary is not possible as during much of the time, from 1990 until June 1, 2012, the Property was part of the large group of freehold patents controlled by Algoma-Eastern Railways (Algoma-Talisman Minerals Limited owned Mineral Rights) and its predecessors. Work was reportedly conducted under option agreements with a variety of groups including, but not limited to, Placer Dome Canada, Red Pine Exploration Inc. and Greenshield Resources as recently as 2011. Work reportedly included outcrop mapping around Horwood Lake, and sampling. Due to the lands being patents at the time of the work none of these reports were filed with the Ontario government. Based on reports by Ian Johnson in conversation with David Hunt, some of this data has likely been lost during the closure of Placer Dome's Canadian offices and/or the subsequent takeover by Goldcorp. It is unknown and unlikely that the data could be located by contacting patent holders or its current remnants (CP Rail).

Government geological surveys have completed geological mapping programs over the area, large scale geophysical surveys and geochemical surveys.

The Geological Survey of Canada completed reconnaissance style geological mapping through the district in 1929 and 1933. The Ontario Geological Survey completed geological belt scale mapping programs in 1932, 1934, 1935, 1965 and 1977. A compilation of all Ontario government work was completed from 1992 to 1999 on the Swayze Greenstone Belt including mineral deposit inventories and quaternary geological mapping. Results of these geological mapping programs are described in Item 7.

The Ontario Geological Survey completed a regional gold grain in till program in 1994 (Bernier, 1995). Through the program, 136 samples were analyzed with a 1,000 km² area of the Swayze Greenstone belt. Six of these samples were within the Property boundary of which one returned above 30 grains of gold, sample 4215 at 42 grains, just west of Horwood Lake NAD83 Zone17 401882E 5306400N.

The most significant exploration work completed to date on the Property has been completed by Timothy Martel and Jean Marc Gaudreau between 2013 and 2015.

The Property is an early stage exploration property. To the Author's knowledge, there has been no production of any commodity on the Property and there have been no historical Mineral Resources or Mineral Reserves estimated for the Property.

Geology and Mineralization

The Property lies within the Swayze greenstone belt ("SGB"). The SGB is a late Archean greenstone belt in northern Ontario, Canada (Figure 7 1). It is the southwestern extension of the Abitibi greenstone belt. The Abitibi greenstone belt is a 2,800-to-2,600-million-year-old greenstone belt that spans across the Ontario–Quebec border in Canada. It is mostly made of volcanic rocks, but also includes ultramafic rocks, mafic intrusions, granitoid rocks, and early and middle Precambrian sediments.

Mineralization targeted on the property has been primarily Archean lode-gold, quartz vein type mineralization associated with sheared, carbonatized and mineralized wall rock and some brecciation with very little observed sulphide alteration associated. Epidote has been observed in many locations in the Dale Stock however is never present in the mineralized discovery zones.

The Property includes the area surrounding the southern arm of Horwood Lake in the north-central part of Dale Township. Mafic volcanics surround the roughly circular, 2,500 m diameter, 2680 Ma, granodioritic stock known as the Dale Stock which has been the focus of exploration. The stock is described as a multi-phased hornblende granodiorite to porphyritic-granodiorite with a potassium feldspar megacrystic core and a massive, equigranular margin. Both phases are hematitic and contain hornblende enclaves.

As the Property is an early exploration stage, information is limited. The target on the Property however is an Archean Greenstone-hosted quartz-carbonate vein (Lode) gold deposit, the main type of gold deposit found in the Swayze Greenstone belt and throughout the Abitibi Greenstone Belt. These lode gold deposits are also known as mesothermal, orogenic, lode gold, shear-zone-related quartz-carbonate or gold-only deposits.

Recent Exploration

The most recent exploration activities on the Property have been multiple geophysical surveys carried out by Dan Patrie Exploration at the request of Jean Marc Gaudreau, the owner of the Property. All three of the Induced Polarization (gradient array) Surveys (IP) were carried out by Dan Patrie Exploration P.O. Box 45, Massey Ontario. The surveys were completed in winter 2016-2017 from December to January, fall of 2018, from December 1st to December 20th and February 2020.

On May 10th 2020, Marc Gaudreau collected two grab samples while touring the Property. These two samples DALE-2020-01 and 02 returned 3.82 g/t and 0.167 g/t gold. The former represents the highest-grade sample collected to date on the Property.

On July 29, 2019 Jean Marc Gaudreau prospected a new forestry cut area and checked IP anomalies by taking 6 grab samples.

In August 2020, Element79 contracted Marc Gaudreau to conduct a 3 day prospecting program, which collected 18 grab samples, the highest of which ran 1.57 g/t gold. Three follow up samples to 3.82 g/t gold sample where collected (DALE-2020-04A, 04B, 04C) from a northeast trending 1-2 metre wide shear over approximately 10 metre strike, which ran 0.647 g/t, 1.57 g/t and 0.061 g/t gold respectively. These follow up samples confirmed the gold mineralized nature of this structure.

In late February 2021, Element79 contracted Pioneer Exploration Consultants Ltd (Pioneer Exploration) to conduct an airborne magnetic survey on the Property totaling 463.80 line-kilometre.

Conclusions and Recommendations

The Property contains many of the elements necessary to produce an Archean greenstone belt hosted lode gold deposit. Historical prospecting results have documented >1 g/t gold in bedrock, elevated gold grain counts, with a high number of pristine grains, in till samples also suggest that more mineralization occurs in the area that is presently known. Despite these encouraging results, the property has seen relatively little exploration, and warrants additional investigation.

The Property hosts favourable Swayze belt volcanic rocks that are known to host numerous gold showings and past producers such as the Rundle Mine, and more recently the Cote Lake (IAMGOLD) and Borden Lake (Newmont) deposits. The granodioritic Dale stock may also act as a favourable competency contrast with the surrounding volcanic rocks, especially where it is intersected by cross cutting structures. This granodiorite-volcanic contact is considered a high priority target area.

The three historical IP surveys conducted on the Property have been of limited extent and are best described as reconnaissance in nature. However, they have recorded areas of higher chargeability which are not explained by the limited surface outcrops in the survey area and should be followed up with addition work.

The recent drone magnetic survey by Element79 has outlined several prospective northeast trending structures, which may be related to the northeast trending shear which returned up to 3.82 g/t Au in 2020 prospecting by Mr. Gaudreau.

The Property requires larger scale more systematic studies such as additional soil sampling to follow up historical gold grains in till and trenching to test IP chargeability highs and follow up anomalous prospecting samples.

A two-phase program is recommended for the Property. This consists of a Phase 1 compilation of historical data with specific attention on regional scale geochemical surveys completed by government geological surveys and a large-scale B-horizon soil sampling program over previously sampled areas with anomalous gold grain in till and gold in bedrock and IP chargeability anomalies. Soil sampling results will be analysed to determine any larger trends in anomalous gold and indicate potential gold bearing structures or veins. Once the soil survey is completed a targeting trenching program should be completed to follow up the soil survey results. Phase 2 is contingent on promising results from Phase 1. Phase 2 consists of 1,500 metres of diamond drilling to test any potential gold bearing structures outlined by Phase 1.

A proposed program and budget for the 2021 is outlined below (Table 1 1).

The Authors have reviewed the proposed program for further work on the Property and, in light of the observations made in this report, support the concepts as outlined. Given the prospective nature of the Property, and region it is the Authors' opinion that the Property merits further exploration and that proposed plans for further work are justified. The current proposed work program will help advance the Property and will provide key inputs required to evaluate the potential on the Property.

The Authors recommend that Element79 conduct the further exploration as proposed, subject to funding and any other matters which may cause the proposed exploration program to be altered in the normal course of its business activities or alterations which may affect the program as a result of exploration activities themselves.

Table -1 Recommended 2021 Work Program by Element79 on the Property

Phase 1 – Compilation, Soil Sampling and Trenching Program (~1.5 months)				
	Number	Rate	Days	Amount
Senior Geologist (compilation)	1	\$800	5	\$4,000
Project Geologists (compilation)	1	\$500	5	\$5,000
Project Geologist (Field Program)	1	\$500	21	\$10,500
Geotechnicians (Field Program)	2	\$400	21	\$16,800
Truck Rental & Gas	2	\$100	21	\$4,200
ATV Rental & Gas	2	\$75	21	\$3,150
Camp Accommodations & Food per person per day	3	\$100	21	\$6,300
Field Supplies				\$1,000
Soil Sample Analysis	1000	\$25		\$25,000
Rock Sample Analysis	100	\$25		\$2,500
Excavator Including Mob & Demob		\$2,000	10	\$20,000
Wajax and channel saw rentals		\$250	14	\$3,500
Assessment Report Writing				\$5,000
Subtotal				\$106,950
15% Contingency				\$16,043
Phase I total				\$122,993
Phase 2 – 1,500 Metre Diamond Drill Program (~1.5 month)				
Diamond Drilling Including Mob & Demob	1500	\$130		\$195,000
Senior Geologist (supervision)	1	\$800	14	\$11,200
Project Geologists	1	\$500	28	\$14,000
Geotechnicians	1	\$400	28	\$11,200
Truck Rental & Gas	2	\$100	28	\$5,600
ATV Rental & Gas	2	\$75	21	\$3,150
Camp Accommodations & Food				\$60,000
Core Shack & Core Saw rental				\$5,000
Supplies				\$5,100
Rock Sample Analysis		\$25	750	\$18,750
Assessment Report				\$10,000
Subtotal				\$339,000
15% Contingency				\$50,850
Phase II total				\$389,850
Grand Total				\$512,843

Option Agreement

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

- a) Make aggregate cash payments of \$127,000 as follows:
 - i. \$12,000 within 30 days of the date of the option agreement (paid)
 - ii. \$15,000 on or before December 31, 2021
 - iii. \$18,000 on or before December 31, 2022
 - iv. \$21,000 on or before December 31, 2023
 - v. \$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). Shares are subject to a 4-month hold period from the date of the public listing on a 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:
 - i. \$30,000 on or before December 31, 2021
 - ii. \$33,000 on or before December 31, 2022
 - iii. \$36,000 on or before December 31, 2023
 - iv. \$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.

SELECTED FINANCIAL INFORMATION

Selected Financial Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for Element79 Gold Corp. As this is the Company's first full year of operations, there is only a limited set of comparable figures. The information set forth below should be read in conjunction with the condensed interim financial statements, prepared in accordance with IAS 34 under IFRS, and related notes.

	Quarter ended August 31, 2021	Quarter ended May 31, 2021	Quarter ended February 28, 2021	Quarter ended November 30, 2020
	\$	\$	\$	\$
Total revenues	-	-	-	-
Operating expenses	(67,248)	95,215	97,646	500,093
Net income (loss)	67,248	(95,215)	(97,646)	(500,093)
Net income (loss) per share – Basic & fully diluted	0.00	(0.00)	(0.00)	(0.04)
Total assets	1,014,540	551,471	610,702	657,730

RESULTS OF OPERATIONS

For the three months ended August 31, 2021

Net income for the three months ended August 31, 2021 was \$67,248 due to the change in accounting treatment of financing fees. Expenses comprise:

- Consulting fees of \$21,339 mainly relating to the Frankfurt and OTC Markets listing.
- Recovery of financing fees of \$358,724 relating to the Equity Drawdown Facility, due to reclassification as deferred financing charge in the statement of financial position.
- Investor relations and marketing expenses of \$59,453 relating to marketing efforts of the Company.
- Listing and filing fees of \$33,772 relating to filing fees at the CSE and OTC Markets as well as filing fees on SEDAR for the Company's prospectus.
- Management and director fees of \$36,000, \$15,000 of which was paid to the CEO, \$15,000 was paid to a company controlled by a director, and \$6,000 was paid to directors of the Company.
- Office expenses of \$3,985, mainly relating to meeting expenses, office rent, and bank service fees.
- Professional fees of \$115,432, mainly legal fees relating to the IPO of the Company and audit fee.
- Share-based compensation of \$18,475 relating to the issuance of 600,000 stock options vesting monthly over 12 months

For the year ended August 31, 2021

Comprehensive loss for the year ended August 31, 2021 was \$625,706. Expenses comprise:

- Consulting fees of \$23,839 relating to Frankfurt listing, and advisory services in relation to the Equity Drawdown Facility and other financing opportunities
- Investor Relations and marketing expenses of \$88,959 relating to marketing efforts of the Company
- Listing and filing fees of \$52,633 relating to filing fees at the CSE and OTC Markets as well as filing fees on SEDAR for the Company's prospectus.
- Management fees of \$126,000, \$60,000 of which was paid to the CEO, \$60,000 was paid to a company controlled by a director and \$6,000 was charged by directors.
- Office expenses of \$37,521, mainly relating to meeting expenses, office rent, and bank service fees.
- Professional fees of \$145,471, mainly legal fees relating to the Equity Drawdown Facility and IPO as well as audit fees.
- Share-based compensation of \$148,263 relating to the issuance of 2,200,000 stock options

LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2021 the Company had \$302,234 in cash and working capital of \$153,411.

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to mineral exploration properties. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

RELATED PARTY TRANSACTIONS

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 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.

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.

OUTSTANDING SHARE DATA

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

As at the date of this MD&A, the Company had 46,376,322 common shares issued and outstanding.

As at August 31, 2021 and the date of this MD&A, the Company had 28,219,050 share purchase warrants outstanding.

As at August 31, 2021, the Company had 2,200,000 stock options outstanding.

As at the date of this MD&A, the Company had 2,600,000 stock options outstanding.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses may exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where potential weaknesses existed. The existence of these potential weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Element79 utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of Element79's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

RISK FACTORS

The mineral industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Element79's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Element79's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

Industry and Mineral Exploration Risk

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, Element79's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Element79 attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

Commodity Prices

Element79 is in the business of exploring for base and precious metals, the market prices of which can fluctuate widely. Metal prices ultimately depend on demand in the end markets for which metals are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, interest rates, the rate of inflation, and the stability of exchange rates, any of which can cause significant fluctuations in metals prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of metals has fluctuated widely in recent years and there are no assurances as to what will be the future prices of base and precious metals. In the course of its current operations, the Company does not enter into price hedging programs.

Environmental

Exploration projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Element79 operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

Reliance upon Key Personnel

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Element79 will be able to attract and retain such personnel at any time. Element79 does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

Insurance

Element79's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Element79 or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Requirements to Obtain Government Permits

Government approvals and permits are currently required in connection with Element79's exploration activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Element79's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

Joint Ventures

From time to time Element79 may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

Exploration Risks

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that Element79's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

Mineral Property Title Risk

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Element79's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of Element79's properties by governmental authorities. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the title to the Company's properties could have a material adverse effect on its business, financial condition or results of operations. In addition, such claims, whether or not valid, would involve additional cost and expense to defend or settle.

Potential for Conflicts of Interest

Certain of the Company's directors and officers may also serve as directors or officers of other companies involved in natural resource exploration and development or other businesses and consequently there exists the possibility for such directors and officers to be in a position of conflict. Element79 expects that any decision made by any of such directors and officers involving Element79 will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Element79 and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.

COMMITMENTS AND CONTINGENCIES

As at August 31, 2021, the Company has one exploration and evaluation property. 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.

SUBSEQUENT EVENTS

Subsequent to the year ended 31 August 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 September 24, 2021, the Company provided an update on its continuing progress within the Abitibi subprovince targeting bulk-tonnage-style gold mineralization at its Dale gold property in Ontario, Canada. Mobilization has begun for phase 1, focused on following up on historic prospecting which has returned up to 3.82 grams per tonne gold (1)

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.

On October 20, 2021, the Company appointed Antonios Maragakis to the position of chief operating officer. On the same day, the Company also announced that the DTC has completed its eligibility review and approved the Company under the ticker symbol ELMGF. The Company's common shares have been made eligible for book-entry delivery and depository services of DTC to facilitate the electronic settlement of transfers of its common shares in the United States.

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.

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, which holds the option to acquire the Snowbird high-grade gold project. While the Company's due diligence review continues, it has progressed sufficiently that the company has opted to finance Plutus Gold's drill program via a drawable loan facility up to \$1,100,000 on October 26, 2021 in order to facilitate the fulfilment of Plutus Gold's final obligations remaining under the option agreement between Plutus Gold and Gitennes Exploration Ltd. As the final obligation remaining under the option agreement between Plutus Gold and Gitennes Exploration Ltd., Plutus Gold is committed to completing further work on the Snowbird high-grade gold project with expenditures totalling \$1,000,000 on or before June 30, 2022, in order to exercise its option to acquire the claims.

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.

On November 8, 2021, the Company appointed Andy Cole as an adviser to the board of directors.

On December 17, 2021, the Company has closed a securities exchange agreement with Goldco and the securityholders of Goldco, pursuant to which it has acquired all of the issued and outstanding securities 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). Goldco has entered into an asset purchase agreement (the "Asset Purchase Agreement") with Clover Nevada LLC ("Clover") and Maverick Springs Mining Company, LLC ("MSMC") to acquire the flagship Maverick Springs Project ("Maverick Springs") and 15 additional Projects that comprise the Battle Mountain Portfolio (individually, each a "Project", and collectively, the "Battle Mountain Portfolio"). The flagship Maverick Springs Project and the Battle Mountain Portfolio are located in the gold mining regions of northeastern Nevada. The Company is also pleased to announce that Clover and MSMC have obtained all outstanding consents required to close the transactions contemplated by the Asset Purchase Agreement.