Form 51-102F4
Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

Element79 Gold Corp.
230-997 Seymour Street
Vancouver, British Columbia
(the "**Company**")

1.2 Executive Officer

James Tworek
Chief Executive Officer
Telephone: 403 850-8050

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

On December 23, 2021, the Company announced that it had completed the acquisition (the "**Acquisition**") of the Maverick Springs Project and 15 additional projects that comprise the Battle Mountain Portfolio located in the gold mining regions of northeastern Nevada from Clover Nevada LLC ("**Clover**"), a wholly-owned subsidiary of Waterton Precious Metals Fund II Cayman, LP ("**Waterton**"), and Maverick Springs Mining Company, LLC, a wholly-owned subsidiary of Clover ("**MSMC**" and together with Clover and Waterton, the "**Vendors**").

2.2 Acquisition Date

The effective date of the Acquisition was December 23, 2021 (the "**Closing Date**").

2.3 Consideration

As part of the Acquisition, the Vendors retained a C$500,000 CAD deposit previously advanced by a subsidiary of the Company. The Company also made an additional C$1,500,283.97 cash payment to the Vendors and issued a promissory note for US$150,000. The Company also issued 5,095,733 common shares (the "**Payment Shares**") to the Vendors and created and issued a contingent value right (the "**CVR**") to Waterton Nevada Splitter, LLC ("**Splitter LLC**"), a subsidiary of Waterton. Pursuant to the CVR, Splitter LLC is entitled to receive a cash payment of C$2,000,000 payable on the earlier of the occurrence of commercial production and the date that is 12 months following the Closing Date. Splitter LLC was also granted a security interest in Maverick Springs Project and the Battle Mountain Portfolio, which will be released upon completion of the payment under the CVR.

2.4 Effect on Financial Position

The Company does not have any plans or proposals for material changes in its business affairs or the affairs of the Maverick Spring Project or the Battle Mountain Portfolio. The Company continues to be in the business of exploration and evaluation of mineral properties.

2.5 Prior Valuations

To the knowledge of the Company, there has not been any valuation opinion obtained within the last 12 months by the Company or Waterton required by securities legislation or a Canadian exchange or market to support the consideration paid by the Company or any of its subsidiaries in connection with the Acquisition.

2.6 Parties to Transaction

The Acquisition was not with an "informed person" (as such term is defined in section 1.1 of National Instrument 51-102 – Continuous Disclosure Obligations), associate or affiliate of the Company.

2.7 Date of Report

March 4, 2022.

Item 3 Financial Statements and Other Information

See attached Schedule "A".

SCHEDULE "A"
ITEM 3 – FINANCIAL STATEMENTS

See attached.

Carve-Out Financial Statements of the Maverick Springs Project

As at December 31, 2020 and for the Period Ended December 31, 2020

S H I M

SHIM & Associates LLP
Chartered Professional Accountants
Suite 970 – 777 Hornby Street
Vancouver, B.C. V6Z 1S4
T: 604 559 3511 **| F:** 604 559 3501

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Element79 Gold Corp.

Opinion

We have audited the accompanying carve-out financial statements of Maverick Springs Project (the "Project"), which comprise the carve-out statements of financial position as at December 31, 2020, and the carve-out statements of loss and comprehensive loss, cash flows and changes in equity for the period from January 22, 2020 to December 31, 2020, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the Project as at December 31, 2020, and its financial performance and its cash flows for the period from January 22, 2020 to December 31, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit 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 Carve-Out Financial Statements* section of our report. We are independent of the Project in accordance with the ethical requirements that are relevant to our audit of the carve-out 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 2 of the carve-out financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Project'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.

Our opinion on the carve-out 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 carve-out financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the carve-out 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 are not aware of any other information at this time.

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

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

In preparing the carve-out financial statements, management is responsible for assessing the Project'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 Project or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 carve-out 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 Project'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 Project'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 carve-out 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 Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out 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
3 March 2022

Statement of Financial Position

As at December 31, 2020

(Expressed in United States dollars)

	Notes	As at December 31, 2020
		$
ASSETS		
Current		
Prepaid expenses	5	29,810
Non-current assets		
Exploration and evaluation assets	6	3,833,097
Total assets		3,862,907
EQUITY		
Contributed surplus		3,847,571
Deficit		(14,474)
Total equity		3,862,907

NATURE AND CONTINUANCE OF OPERATIONS (Note 2)

APPROVED BY THE BOARD:

"Konstantin Lichtenwald"
Konstantin Lichtenwald

"Julie Hajduk"
Julie Hajduk

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

Carve-out Financial Statements of the Maverick Springs Project

Statement of Loss and Comprehensive Loss
For the Period Ended December 31, 2020
(Expressed in United States dollars)

	Notes	December 31, 2020
		$
Expenses		
Exploration and evaluation expenditures		14,474
Loss and comprehensive loss for the period		14,474

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

Carve-out Financial Statements of the Maverick Springs Project
Statement of Cash Flows
For the Period Ended December 31, 2020
(Expressed in United States dollars)

	December 31, 2020
	$
OPERATING ACTIVITIES	
Loss for the period	(14,474)
Cash used in operating activities	(14,474)
FNANCING ACTIVITIES	
Contributions by Maverick Springs	14,474
Cash provided by financing activities	14,474
Increase in cash, being cash end of period	-

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

Carve-out Financial Statements of the Maverick Springs Project

Statement of Changes in Equity

For the Period Ended December 31, 2020

(Expressed in United States dollars)

	Contributed surplus	Deficit	Total
	$	$	$
Balances, January 22, 2020	**-**	**-**	**-**
Contribution by Maverick Springs	**3,877,381**	**-**	**3,877,381**
Loss for the period	**-**	**(14,474)**	**(14,474)**
Balances, December 31, 2020	**3,877,381**	**(14,474)**	**3,862,907**

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

1. ACQUISITION OF THE MAVERICK SPRINGS PROJECT

On December 23, 2021, Maverick Springs Mining Company LLC (*Maverick Springs" or the "Company") disposed its interest in the Maverick Springs exploration project ("Project") to a wholly owned subsidiary of Element79 Gold Corp. ("Element79") (CSE: ELEM).

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations of the Project, as a carve-out of Maverick Springs' financial statements, for the period ended December 31, 2020.

The above noted periods cover the full life of the projects whilst under the control of the Company.

2. NATURE AND CONTINUANCE OF OPERATIONS

The Company was formed on January 22, 2020. Maverick Springs is a wholly owned subsidiary of Clover Nevada LLC, which is a subsidiary of Waterton Nevada Splitter, LLC. The parent company of Waterton Nevada Splitter, LLC is Waterton Previous Metals Fund II Cayman, LP, a Cayman partnership. Maverick Springs was formed to acquire the Maverick Springs exploration project (the "Project") located in Nevada. The registered address of Maverick Springs is 9650 Gateway Drive, Suite 202, Reno, Nevada, USA, 89521.

These carve-out statements have been prepared on the assumption that the Project will continue as a going concern, meaning they will continue in operation and expect to have economically realizable value in the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course. Different bases of measurement may be appropriate if the Project are not expected to continue operations or have such future economically realizable value.

The continued exploration and development of the Project and the recoverability of the amounts shown for exploration and evaluation assets is dependent upon completion of the acquisition by Element79 (Note 1), the Project's ability to obtain the necessary financing to complete the exploration and development of its property interests, and ultimately upon the existence of economically recoverable reserves and future profitable production therefrom or alternatively upon the disposal of some or all the Project's property interests on an advantageous basis. The amounts shown as exploration and evaluation assets represent net costs to date and do not necessary represent present or future values.

3. BASIS OF PRESENTATION

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosures.

These carve-out financial statements are presented in U.S. dollars. Maverick Springs' functional currency is the U.S. dollar.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Project in connection with the acquisition as discussed in Note 1. These carve-out financial statements present the historical financial information of Maverick Springs where only specifically identifiable assets, liabilities and expenses are included that make up the Project.

The following basis of preparation for the carve-out financial statements has been applied:

- All assets and liabilities directly related to the Project have been attributed herein. These statements do not include assets and liabilities that are not specifically identifiable with the Project.

- Expenses directly related to the Project have been entirely attributed herein.

- During all periods presented herein, the Project received services and support functions from Maverick Springs and the operations of the Project were dependent upon Maverick Springs' ability to perform these services and support functions. These overhead and administrative expenses have been allocated to the Project based on its proportionate share of total exploration spending for a particular period.

- These carve-out financial statements present the historical carve-out financial position, results of operations, cash flows, and changes in equity of the Project. These carve-out financial statements have been derived from the accounting records of Maverick Springs on a carve-out basis and should be read in conjunction with Maverick Springs' annual financial statements and the notes thereto for the period from the date of incorporation on January 22, 2020 to December 31, 2020.

Management believes the assumptions and allocations underlying the carve-out financial statements are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by the management of Maverick Springs to be a reasonable reflection of the utilization of services provided to or the benefit received by the Project during the periods presented. However, the historical results of operations, financial position and cash flows of the Project may not be indicative of what they would actually have been had the business of the Project been carried out as a separate stand-alone entity, nor are they indicative of what the Project's results of operations, financial position and cash flows may be in the future.

Income taxes have been calculated as if the Project were a separate entity and filed separate tax returns for the periods presented.

4. SIGNIFICANT ACCOUNTING POLICIES

Maverick Springs' accounting policies were used in the preparation of these carve-out financial statements and were consistently applied throughout.

a) Use of judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the carve-out financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to carry amounts of assets and liabilities are impairment of mineral interests.

Exploration and evaluation costs have been capitalized on the basis that Maverick Springs will commence commercial production in the future, from which time the costs will be amortized in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalized which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalized. In addition, costs are only capitalized that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalized costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

b) Income taxes

The Project in not a legal entity and accordingly has not filed income tax returns. After the acquisition by Element79, the final tax basis of assets and liabilities will be established. It is expected that the Project will then, within Element79, use the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

As the tax basis of the Project's assets and liabilities, within Element79, was not applicable at December 31, 2020 nor yet determined subsequently, the calculation of any deferred tax liabilities herein is not yet possible but will continue to be considered on a go-forward basis.

c) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licences and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. The Company expenses costs related to the exploration and development of mineral properties as they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

d) Financial instruments

Financial assets

The Project will now classify its financial assets in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (FVTOCI”), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset’s contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment of financial assets at amortized cost: The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Project classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

(Expressed in United States dollars)

5. PREPAID EXPENSES

Included in prepaid expenses at December 31, 2020 is $29,810 claim maintenance fees paid to the United States Bureau of Land Management ("BLM") and the County.

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties includes the following amounts as at December 31, 2020:

	Maverick Springs Project
	$
Balance, January 22, 2020	-
Additions	3,833,097
Balance, December 31, 2020	**3,833,097**

The Project consists of approximately 4,800 acres across 247 unpatented claims that straddle the border of Elko County and White Pine County.

The Project is subject to a total net smelter return royalty ("NSR") of 7.4%.

The Project is subject to an annual royalty payment of $100,000, which can be credited against future production royalties.

7. FINANCIAL INSTRUMENTS

Fair Values

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.

The fair value of the Project's trade payables approximates their carrying values due to their short-term nature.

The Project is unable to assess its own credit risk, liquidity risk, and market risks, as these carve-out financial statements are derived from Maverick Springs' overall financial records and the Project has been an integral part of Maverick Springs' operations. These carve-out financial statements do not necessarily reflect the results as if the Project were a separate entity or were owned by another entity.

Carve-Out Financial Statements of the
Battle Mountain Portfolio

As at December 31, 2020 and for the Year Ended December 31, 2020 and 2019

SHIM

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Element79 Gold Corp.

Opinion

We have audited the accompanying carve-out financial statements of Battle Mountain Portfolio (the "Portfolio"), which comprise the carve-out statement of financial position as at December 31, 2020, and the carve-out statements of loss and comprehensive loss, cash flows and changes in equity for the year ended December 31, 2020 and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, the carve-out financial statements present fairly, in all material respects, the financial position of the Portfolio as at December 31, 2020, and its financial performance and its cash flows for the year ended December 31, 2020 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audit 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 Carve-Out Financial Statements* section of our report. We are independent of the Portfolio in accordance with the ethical requirements that are relevant to our audit of the carve-out 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 2 of the carve-out financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Portfolio's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matter

The carve-out financial statements of the Portfolio for the year ended December 31, 2019 are unaudited.

Other Information

Management is responsible for the other information.

Our opinion on the carve-out 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 carve-out financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the carve-out 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 are not aware of any other information at this time.

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

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

In preparing the carve-out financial statements, management is responsible for assessing the Portfolio'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 Portfolio or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out 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 carve-out 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 carve-out 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 Portfolio'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 Portfolio'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 carve-out 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 Portfolio to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out 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
3 March 2022

Carve-out Financial Statements of the Battle Mountain Portfolio
Statements of Financial Position
As at December 31, 2020 and December 31, 2019
(Expressed in United States dollars)

	Note	As at December 31, 2020	As at December 31, 2019
		$	$
ASSETS			
Current			
Prepaid expenses	5	246,459	226,978
Non-current assets			
Exploration and evaluation assets	6	2,774,484	2,774,484
Total assets		3,020,943	3,001,462
EQUITY			
Contributed surplus		3,745,959	3,336,716
Deficit		(725,016)	(335,254)
Total equity		3,020,943	3,001,462

NATURE OF OPERATIONS AND GOING CONCERN (Note 2)

APPROVED BY THE BOARD:

"Konstantin Lichtenwald"	*"Julie Hajduk"*
Konstantin Lichtenwald	Julie Hajduk

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

Carve-out Financial Statements of the Battle Mountain Portfolio

Statements of Loss and Comprehensive Loss

For the Years Ended December 31, 2020 and 2019

(Expressed in United States dollars)

	December 31, 2020	December 31, 2019
	$	$
Expenses		
Exploration and evaluation expenditures	379,930	327,040
General and administrative	9,832	8,214
Net and comprehensive loss	389,762	335,254

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

Carve-out Financial Statements of the Battle Mountain Portfolio
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(Expressed in United States dollars)

	December 31, 2020	December 31, 2019
	$	$
OPERATING ACTIVITIES		
Loss for the year	(389,762)	(335,254)
Change in non-cash working capital:		
Increase in prepaid expenses	(19,481)	(226,978)
Cash used in operating activities	(409,243)	(562,232)
FINANCING ACTIVITIES		
Contributions by Clover	409,243	562,232
Cash provided by financing activities	409,243	562,232
Increase in cash, being cash end of year	-	-

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

Battle Mountain Portfolio
Carve-Out Statements of Changes in Equity
For the Years Ended December 31, 2020 and 2019
(Expressed in thousands of United States dollars)

	Contributed surplus	Deficit	Total
	$	$	$
Balances, January 1, 2019	**2,774,484**	**-**	**2,774,484**
Contribution by Clover	**562,232**	**-**	**562,232**
Net loss	**-**	**(335,254)**	**(335,254)**
Balances, December 31, 2019	**3,336,716**	**(335,254)**	**3,001,462**
Contribution by Clover	**409,243**	**-**	**409,243**
Net loss	**-**	**(389,762)**	**(389,762)**
Balances, December 31, 2020	**3,745,959**	**(725,016)**	**3,020,943**

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

1. ACQUISITION OF THE BATTLE MOUNTAIN PORTFOLIO

On December 23, 2021, Clover Nevada, LLC (*Clover" or the "Company") disposed its interest in the 15 exploration properties known as the Battle Mountain Portfolio (the "Portfolio") to a wholly owned subsidiary of Element79 Gold Corp. ("Element79") (CSE: ELEM).

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations of the Portfolio, as a carve-out of Clover's financial statements, for the years ended December 31, 2020 and 2019.

The above noted periods cover the full life of the projects whilst under the control of the Company.

2. NATURE OF OPERATIONS AND GOING CONCERN

Clover is organized as a limited liability company; its sole business focus has been the acquisition, divestment, and exploration of certain mineral property interests along the Carlin Trend.

These carve-out statements have been prepared on the assumption that the Portfolio will continue as a going concern, meaning they will continue in operation and expect to have economically realizable value in the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course. Different bases of measurement may be appropriate if the Portfolio are not expected to continue operations or have such future economically realizable value.

The continued exploration and development of the Portfolio and the recoverability of the amounts shown for exploration and evaluation assets is dependent upon completion of the acquisition by Element79 (Note 1), the Portfolio's ability to obtain the necessary financing to complete the exploration and development of its property interests, and ultimately upon the existence of economically recoverable reserves and future profitable production therefrom or alternatively upon the disposal of some or all the Portfolio's property interests on an advantageous basis. The amounts shown as exploration and evaluation assets represent net costs to date and do not necessary represent present or future values.

3. BASIS OF PRESENTATION

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosures.

These carve-out financial statements are presented in U.S. dollars. Clover's functional currency is the U.S. dollar.

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Portfolio in connection with the acquisition as discussed in Note 1. These carve-out financial statements present the historical financial information of Clover where only specifically identifiable assets, liabilities and expenses are included that make up the Portfolio.

The following basis of preparation for the carve-out financial statements has been applied:

- All assets and liabilities directly related to the Portfolio have been attributed herein. These statements do not include assets and liabilities that are not specifically identifiable with the Portfolio.

- Expenses directly related to the Portfolio have been entirely attributed herein.

- During all periods presented herein, the Portfolio received services and support functions from Clover and the operations of the Portfolio were dependent upon Clover's ability to perform these services and support functions. These overhead and administrative expenses have been allocated to the Portfolio based on its proportionate share of total exploration spending for a particular period.

- These carve-out financial statements present the historical carve-out financial position, results of operations, cash flows, and changes in equity of the Portfolio. These carve-out financial statements have been derived from the accounting records of Clover on a carve-out basis and should be read in conjunction with Clover's annual financial statements and the notes thereto for the period from the date of incorporation on January 22, 2020 to December 31, 2020.

Management believes the assumptions and allocations underlying the carve-out financial statements are reasonable and appropriate under the circumstances. The expenses and cost allocations have been determined on a basis considered by the management of Clover to be a reasonable reflection of the utilization of services provided to or the benefit received by the Portfolio during the periods presented. However, the historical results of operations, financial position and cash flows of the Portfolio may not be indicative of what they would actually have been had the business of the Portfolio been carried out as a separate stand-alone entity, nor are they indicative of what the Portfolio's results of operations, financial position and cash flows may be in the future.

Income taxes have been calculated as if the Portfolio were a separate entity and filed separate tax returns for the periods presented.

4. SIGNIFICANT ACCOUNTING POLICIES

Clover's accounting policies were used in the preparation of these carve-out financial statements and were consistently applied throughout.

a) Use of judgement and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the carve-out financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to carry amounts of assets and liabilities are impairment of mineral interests.

Exploration and evaluation costs have been capitalized on the basis that Clover will commence commercial production in the future, from which time the costs will be amortized in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalized which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalized. In addition, costs are only capitalized that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalized costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

b) Income taxes

The Portfolio in not a legal entity and accordingly has not filed income tax returns. After the acquisition by Element79, the final tax basis of assets and liabilities will be established. It is expected that the Portfolio will then, within Element79, use the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

As the tax basis of the Portfolio's assets and liabilities, within Element79, was not applicable at December 31, 2020 nor yet determined subsequently, the calculation of any deferred tax liabilities herein is not yet possible but will continue to be considered on a go-forward basis.

c) Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licences and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. The Company expenses costs related to the exploration and development of mineral properties as they are incurred.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

d) Financial instruments

Financial assets

The Portfolio will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI"), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment of financial assets at amortized cost: The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Portfolio classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

(Expressed in United States dollars)

5. PREPAID EXPENSES

Included in prepaid expenses at December 31, 2020 is $246,459 (2019 - $226,978) claim maintenance fees paid to the United States Bureau of Land Management ("BLM") and various Nevada Counties.

6. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties includes the following amounts as at December 31, 2020 and 2019:

	Battle Mountain Portfolio
	$
Balance, January 1, 2019	-
Additions	2,774,484
Balance, December 31, 2019 and 2020	**2,774,484**

These carve-out financial statements present the 15 exploration properties within the Clover portfolio known as the Battle Mountain Portfolio:

- The Brock Project: 220 unpatented claims in Eureka County
- The Clipper Project: 69 unpatented claims in Lander County
- The Clover Project: 169 unpatented claims in Elko County
- The Elder Creek Project: 6 unpatented claims in Lander County
- The Elephant Project: 197 unpatented claims in Lander County
- The Golconda Project: 108 unpatented claims in Humboldt County
- The Horseshoe Basin Project: 50 unpatented claims in Lander County
- The Long Peak Project: 34 unpatented claims in Lander County
- The North Battle Mountain Project: 67 unpatented claims in Lander County
- The North Mill Creek Project: 23 unpatented claims in Lander County
- The Pipeline South Project: 144 unpatented claims in Lander County
- The Stargo Project: 337 unpatented claims in Nye County
- The Walti Project: 402 unpatented claims in Eureka County and Lander County
- The West Cortez Project: 274 unpatented claims in Lander County
- The West Whistler Project: 103 unpatented claims in Eureka County

Each Project, except the Clover Project, is subject to a total net smelter return royalty ("NSR") of 1% while the Clover Project is subject to 3% payable.

7. FINANCIAL INSTRUMENTS

Fair Values

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.

The fair value of the Portfolio's trade payables approximates their carrying values due to their short-term nature.

The Portfolio is unable to assess its own credit risk, liquidity risk, and market risks, as these carve-out financial statements are derived from Clover's overall financial records and the Portfolio has been an integral part of Clover's operations. These carve-out financial statements do not necessarily reflect the results as if the Portfolio were a separate entity or were owned by another entity.