



Element79 Gold Corp.

**Condensed Interim Financial Statements
For the three and six months ended February 28, 2022 and 2021**

(Expressed in Canadian dollars)
(Unaudited)

Element79 Gold Corp.
Condensed Interim Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Notes	As at February 28, 2022	As at August 31, 2021 (audited)
		\$	\$
ASSETS			
Current assets			
Cash & cash equivalents		35,781	302,234
Prepaid expenses		37,501	244,022
Amounts receivable		109,148	19,810
Short-term loans	5	1,392,284	-
Total current assets		1,574,714	566,066
Exploration and evaluation assets	4	11,399,538	89,750
Deferred financing charge		89,681	358,724
Total assets		13,063,933	1,014,540
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6	832,971	412,655
Loans payable		373,348	-
Total liabilities		1,206,319	412,655
EQUITY			
Share capital	8	10,323,831	884,356
Share subscriptions received in advance	8	2,750,000	-
Contributed surplus	8	893,452	356,987
Deficit		(2,109,669)	(639,458)
Total Equity		11,857,614	601,885
Total equity and liabilities		13,063,933	1,014,540

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 14)

Subsequent event (Note 15)

APPROVED BY THE BOARD:

“Konstantin Lichtenwald”
Konstantin Lichtenwald

“Julie Hajduk”
Julie Hajduk

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

Element79 Gold Corp.

Condensed Interim Statement of Loss and Comprehensive Loss

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

(Unaudited)

	Notes	Three months ended February 28, 2022	Six months ended February 28, 2022	Three Months ended February 28, 2021	Six Months ended February 28, 2021
		\$	\$	\$	\$
Expenses					
Consulting fees		-	17,598	-	2,500
Financing fees		17,936	269,043	-	358,724
Insurance		7,420	19,080	-	-
Investor Relations and marketing		110,482	206,092	-	-
Listing and filing fees		24,299	30,708	18,861	18,861
Management and director fees	7	107,000	157,775	30,000	60,000
Office expenses		12,509	41,614	9,330	11,848
Professional fees		81,224	186,003	2,500	27,539
Share-based compensation	7	283,242	536,465	36,955	118,267
Settlement of debt		5,833	5,833	-	-
Net and comprehensive loss for the period		(649,945)	(1,470,211)	(97,646)	(597,739)
Loss per share					
Basic and diluted	9	(0.01)	(0.03)	(0.00)	(0.03)
Weighted average number of common shares issued and outstanding		50,583,976	47,236,248	31,788,020	21,965,757

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

Element79 Gold Corp.
Condensed Interim Statement of Cash Flows
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Six Months ended February 28, 2022 \$	Six Months ended February 28, 2021 \$
OPERATING ACTIVITIES			
Loss for the period		(1,470,211)	(597,739)
Non-cash items			
Financing fees	10	269,043	-
Loss on settlement of debt		5,833	-
Shares issued for consulting fees		-	2,500
Share subscriptions received in advance		-	150,000
Share-based compensation	7	536,465	118,267
Warrants issued for financing fees		-	208,724
Changes in operating working capital:			
Decrease (increase) in prepaid expenses		206,521	(6,745)
Increase in amounts receivable		(89,338)	(4,088)
Increase (decrease) in current liabilities		787,831	(1,155)
Cash from (used in) operating activities		246,144	(130,236)
INVESTING ACTIVITIES			
Exploration and evaluation properties expenditures	4	(4,262,597)	(3,230)
Cash used in investing activities		(4,262,597)	(3,230)
FINANCING ACTIVITIES			
Issuance of common shares	8	1,000,000	616,882
Share subscriptions received in advance	8	2,750,000	-
Cash from financing activities		3,750,000	613,007
Increase in cash		(266,453)	479,541
Cash, beginning of the period		302,234	66,257
Cash, end of the period		35,781	545,798

Supplemental cash flow information (Note 10)

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

Element79 Gold Corp.
Condensed Interim Statement of Changes in Equity
For the three months ended February 28, 2022
(Expressed in Canadian dollars)
(Unaudited)

	Number of common shares	Common shares \$	Special warrants \$	Share subscriptions received in advance \$	Contributed surplus \$	Deficit \$	Total \$
Balances, August 31, 2020	10,080,001	51,600	-	63,000	-	(13,752)	100,848
Special warrants issued for cash	30,060,820	634,082	46,050	(63,000)	-	-	617,132
Shares issued for mineral properties	200,001	10,000	-	-	-	-	10,000
Shares issued for consulting fees	50,000	2,500	-	-	-	-	2,500
Shares issued for financing fees	3,000,000	150,000	-	-	-	-	150,000
Share issue costs	-	(3,875)	-	-	-	-	(3,875)
Warrants issued for financing fees	-	-	-	-	208,724	-	208,724
Share-based compensation	-	-	-	-	118,267	-	118,267
Net loss for the period	-	-	-	-	-	(597,739)	(597,739)
Balances, February 28, 2021	43,890,822	844,307	46,050	-	326,991	(611,491)	605,857
Balances, August 31, 2021	43,851,322	884,356	-	-	356,987	(639,458)	601,885
Shares issued for mineral properties (Dale property)	30,297	30,000	-	-	-	-	30,000
Shares issued for mineral properties (Nevada portfolio)	7,620,733	8,306,142	-	-	-	-	8,306,142
Subscribed shares (notes 8 & 10)	1,564,945	1,000,000	-	2,750,000	-	-	3,750,000
Shares issued for settlement of debt (note 8)	88,319	103,333	-	-	-	-	103,333
Share-based compensation (note 7)	-	-	-	-	536,465	-	536,465
Net loss for the period	-	-	-	-	-	(1,470,211)	(1,470,211)
Balances, February 28, 2022	53,155,616	10,323,831	-	2,750,000	893,452	(2,109,669)	11,857,614

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

Element79 Gold Corp.
Notes to the Condensed Interim Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

Going concern

These unaudited condensed interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 28, 2022, the Company had cash of \$50,781, liabilities of \$1,154,319 and incurred accumulated losses of \$2,057,669 since inception.

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

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

2. BASIS OF PREPARATION

Basis of presentation

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

Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 – Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting standards Board (“IASB”).

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Statement of compliance (continued)

These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Company's August 31, 2021, annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The critical judgements and estimates applied in the preparation of these condensed interim financial statements are consistent with those applied in and disclosed in note 4 of the audited financial statements for the period from September 1, 2020 to August 31, 2021.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets include the following amounts as at February 28, 2022 and August 31, 2021:

	Dale Property	Nevada Portfolio	Total
	\$	\$	\$
ACQUISITION COSTS			
Balance, August 31, 2021	17,600	-	17,600
Cash payments	15,000	2,432,663	2,447,663
Shares issued	30,000	8,306,142	8,336,142
Balance, February 28, 2022	62,600	10,738,805	10,801,405
EXPLORATION AND EVALUATION COSTS			
Balance, August 31, 2021	72,150	-	72,150
Claims maintenance fee	975	207,753	208,728
Exploration program	96,075	-	96,075
Field expenses	1,005	-	1,005
Restoration deposit	-	220,175	220,175
Balance, February 28, 2022	170,205	427,928	598,133
Total costs	232,805	11,166,733	11,399,538

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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

Dale Property

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

The Property is located in Ontario, Canada and is comprised of 90 Mineral Rights, covering an area of approximately 1694 hectares.

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

- a) Make aggregate cash payments of \$127,000 as follows:
 - a. \$12,000 within 30 days of the date of the option agreement (paid)
 - b. \$15,000 on or before December 31, 2021 (paid)
 - c. \$18,000 on or before December 31, 2022
 - d. \$21,000 on or before December 31, 2023
 - e. \$51,000 on or before December 31, 2024
- b) Issue a total of 200,001 common shares of the Company at a deemed price of \$0.05 per share within 180 days of the option agreement (issued). Shares are subject to a 4-month hold period from the date of the public listing on a Canadian Stock Exchange.

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Dale Property (continued)

- c) Make aggregate share payments totaling \$192,000 calculated at the price of the average VWAP of the 10 trading days prior to the issuance date:
- a. \$30,000 on or before December 31, 2021 (issued)
 - b. \$33,000 on or before December 31, 2022
 - c. \$36,000 on or before December 31, 2023
 - d. \$93,000 on or before December 31, 2024
- d) Execute and deliver to the Optionor on the Closing Date the NSR Royalty granting the Optionor a 0.5% NSR royalty on the Property, subject to the right of the Company to re-purchase 100% of the NSR Royalty for a total consideration of \$525,000 at any time.

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

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

On January 6, 2022, the Company issued 30,297 common shares (Note 8) at a price of \$0.99 per share as part of the option requirements for Dale Gold Property.

Nevada Portfolio

On December 17, 2021, the Company closed a securities exchange agreement (the "Securities Exchange Agreement") with 1316524 B.C. Ltd. ("Goldco"). Under the terms of the Securities Exchange Agreement, Element79 Gold has acquired all of the issued and outstanding shares of Goldco in exchange for a \$300,000 cash payment and 2,525,000 common shares of the Company.

On December 23, 2021, the Company has fully closed on an asset purchase agreement (the "Asset Purchase Agreement") acquiring the flagship Maverick Springs and 15 additional Projects that comprise the Battle Mountain Portfolio (individually, each a "Project", and collectively, the "Battle Mountain Portfolio"), located in the gold mining regions of northeastern Nevada.

Goldco, had previously entered into the Asset Purchase Agreement with Clover Nevada, a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP, and Maverick Springs Mining Company LLC, a wholly owned subsidiary of Clover, to acquire 100 per cent of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain projects. Pursuant to the asset purchase agreement, the vendors have retained a \$500,000 deposit previously advanced by Goldco. The Company, which assumed all obligations of Goldco under the asset purchase agreement upon completion of its acquisition of Goldco, made an additional \$1,500,283.97 cash payment as directed by the vendors and issued a promissory note for \$150,000 (U.S.) that was fulfilled in January 2022.

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Portfolio (continued)

Element79 Gold also issued 5,095,733 of its common shares to the vendors, and created and issued a contingent value right (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 \$2-million payable on the earlier of the occurrence of commercial production and the date that is 12 months following the closing of the asset purchase agreement. Splitter LLC was also entitled to receive a second payment of \$283.97, in cash or common shares of the Company, on the date that was 18 months following the closing of the asset purchase agreement. Such amount was prepaid by the Company concurrently with closing. Splitter LLC was also granted a security interest in Maverick Springs and the Battle Mountain portfolio, which will be released upon completion of the payment under the CVR. Splitter LLC has also entered into a voting support and lock-up agreement, pursuant to which it agrees to: (i) vote all shares of the Company it holds in accordance with managements recommendations; (ii) retain 50 per cent of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months after closing and the remaining 50 per cent for at least 12 months after closing; and (iii) grant the Company a right of first offer in relation to the sale of any common shares of the Company held by Splitter LLC.

Snowbird Property

On August 25, 2021, Element79 Gold announced that it has signed a binding Letter of Intent (the "LOI") to acquire 100% of the issued and outstanding shares in Plutus Gold, which holds the option to acquire the Snowbird High-Grade Gold Project.

Element79 Gold intends to acquire 100% interest in Plutus Gold for a \$200,000 cash payment, and 8,000,000 common shares of Element79 Gold. 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 totaling \$1,000,000 on or before June 30, 2022 (note 5) in order to exercise its option to acquire the claims.

The Snowbird High-Grade Gold Project consists of 2,726 hectares across ten mineral claims located in Central British Columbia approximately 20 kilometers west of Fort St. James. The claims sit at low elevation with access via dirt roads that allows them to be drilled year-round

5. EQUITY DRAWDOWN FACILITY

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

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

5. EQUITY DRAWDOWN FACILITY (continued)

In connection with the Facility, the Company paid a 3% commission in shares (3,000,000 common shares valued at \$150,000) and issued share purchase warrants equal to 8.5% of the outstanding shares of the Company at the time of closing of the Facility (3,394,050 share purchase warrants valued at \$208,724). Each of the share purchase warrants can be exercised to purchase one common share of the Company at a price of \$0.10 per share until October 1, 2023 (note 9). The value of the financing fees is recorded as a deferred financing charge and is being amortized as share issue costs based on the amount drawn down from the Facility. As at February 28, 2022, the carrying amount of the deferred financing charges is \$89,681 (August 31, 2021 - \$358,724).

During the six months ended February 28, 2022, the Company received \$3,750,000 from the Drawdown Facility, issuing 1,564,945 common share and reserving 2,367,710 common shares for future issuance.

6. SHORT-TERM LOAN

Short-term loan represents exploration and evaluation expenses prior to the acquisition of Snowbird Property (note 4). As at February 28, 2022, the Company paid \$1,392,284 in exploration expenses on behalf of Plutus Gold.

7. TRADE PAYABLES AND ACCRUED LIABILITIES

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative and exploration activities. These are broken down as follows:

As at	February 28, 2022	August 31, 2021
	\$	\$
Trade payables	773,471	396,656
Accrued liabilities	59,500	16,000
Total trade and other payables	832,971	412,656

Element79 Gold Corp.
Notes to the Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of directors and other members of key management for the periods ended February 28, 2022 and 2021 are as follows:

	Three months ended February 28, 2022	Six months ended February 28, 2022	Three months ended February 28, 2021	Six months ended February 28, 2021
	\$	\$	\$	\$
Director and management fees	93,000	157,775	30,000	60,000
Investor relations fees	16,500	33,000	-	-
Share-based compensation	-	253,223	81,312	81,312
Total	109,500	443,998	111,312	141,312

As at February 28, 2022, \$14,000 (August 31, 2021 - \$4,000) in director fees was payable to directors; \$40,000 (August 31, 2021 - \$Nil) in management fees was payable to the COO; \$23,821 (August 31, 2021 - \$Nil) in expenses was payable to the CEO; and \$nil (August 31, 2021 - \$4,311) in expenses was payable to the CFO of the Company.

9. SHARE CAPITAL

Authorized share capital

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

As at February 28, 2022, the Company had 53,155,615 common shares issued and outstanding.

Share issuance

On February 1, 2022, the Company has entered into debt settlement agreements (the “Debt Settlement Agreements”) with certain creditors of the Company set forth in Schedule “A” attached hereto (the “Creditors”), pursuant to which the Company has agreed to settle bona fide debts of the Company in the aggregate amount of \$97,500 representing outstanding debt (the “Debt”), in consideration for the issuance of an aggregate of 37,037 shares at a deemed price of \$1.01 per share and 51,282 shares at a deemed price of \$1.17.

On January 6, 2022, the Company had authorized issuance of 1,564,945 common shares at a price of \$0.639 per share to Crescita pursuant to the Equity Drawdown Facility dated September 14, 2020.

On January 6, 2022, the Company issued 30,297 common shares at a price of \$0.99 per share as part of the option requirements for its Dale Gold Property.

Element79 Gold Corp.
Notes to the Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Share issuance (continued)

On January 6, 2022, the Company had authorized issuance of 1,564,945 common shares at a price of \$0.639 per share to Crescita pursuant to the Equity Drawdown Facility dated September 14, 2020.

On January 6, 2022, the Company issued 30,297 common shares at a price of \$0.99 per share as part of the option requirements for its Dale Gold Property.

On December 17, 2021, the Company issued 2,525,000 common shares at a price of \$1.11 per share to 1316524 B.C Ltd (Goldco) in relation to the securities exchange agreement pursuant to which the Company has acquired all of the issued and outstanding securities of Goldco.

On December 23, 2021, the Company issued 5,095,733 common shares at a price of \$1.08 per share in relation to the acquisition of the Maverick Springs project and the Battle Mountain projects from Clover Nevada LLC (Clover), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP, and Maverick Springs Mining Company LLC, a wholly owned subsidiary of Clover.

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

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

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

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

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

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

On April 7, 2020, the Company issued 80,000 common shares valued at \$1,600 as finder's fees for the introduction of the Company to the owners of the Dale Property (Notes 4).

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

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Escrow securities

As at February 28, 2022, 4,740,820 common shares and 431,250 share purchase warrants were held in escrow. Escrow securities will be released over a period of 36 months, as to 10% on the date the Company's securities are listed on a Canadian exchange (the "Listing Date") and an additional 15% every six months following the completion of the first release on the Listing Date.

Share subscriptions received in advance

During the three months ended February 28, 2022, the Company has \$2,750,000 remaining shares subscriptions for 2,367,710 common shares related to the equity drawdown agreement.

Special warrants

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

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

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

Share purchase warrants

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

On October 1, 2020, the Company issued 3,394,050 share purchase warrants to Crescita. The warrants have an exercise price of \$0.10 per common share and are exercisable for three years until

October 1, 2023. The fair value of these share purchase warrants granted was determined to be \$208,724 based on the following assumptions: share price at grant date of \$0.10; exercise price of \$0.10; expected life of 3 years; expected volatility of 100%; risk free interest rate of 0.25%; expected dividend yield rate of 0%.

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

Element79 Gold Corp.
Notes to the Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Share purchase warrants (continued)

As at February 28, 2022, the following share purchase warrants were outstanding:

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

Stock options

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

On February 2, 2022, the Company has granted 150,000 stock options to a consultant of the Company. The stock options have an exercise price of \$1.21 per common share and exercisable for five years until February 2, 2027.

The fair value of these stock options was determined to be \$135,330 using the Black-Scholes Option Pricing Model using the following assumptions:

	Six months ended February 28, 2022
Risk-Free Annual Interest	1.39%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

On November 4, 2021, the Company has granted 150,000 stock options to a consultant of the Company. The stock options have an exercise price of \$1.32 per common share and exercisable for five years until November 4, 2026.

Element79 Gold Corp.
Notes to the Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Stock options (continued)

The fair value of these stock options was determined to be \$147,912 using the Black-Scholes Option Pricing Model using the following assumptions:

	Six months ended February 28, 2022
Risk-Free Annual Interest	1.61%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

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 per common share and exercisable for five years until October 26, 2026.

The fair value of these stock options was determined to be \$253,223 using the Black-Scholes Option Pricing Model using the following assumptions:

	Six months ended February 28, 2022
Risk-Free Annual Interest	0.42%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

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

The fair value of these stock options was determined to be \$44,550, and the Company expensed \$39,250 up to the period ended February 28, 2022 in relation to the vesting of these stock options. The value was determined using the Black-Scholes Option Pricing Model using the following assumptions:

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

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

Element79 Gold Corp.
Notes to the Financial Statements
For the three and six months ended February 28, 2022
(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Stock options (continued)

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

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

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

The fair value of these stock options was determined to be \$81,323 using the Black-Scholes Option Pricing Model using the following assumptions:

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

The following is a summary of the changes in the Company's stock option activities for the period ended February 28, 2022 and year ended August 31, 2021:

	February 28, 2021		August 31, 2021	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
Outstanding, beginning	2,200,000	\$ 0.10	-	-
Granted	550,000	1.31	2,200,000	0.10
Outstanding, ending	2,750,000	0.34	2,200,000	0.10

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at February 28, 2022:

Number of options	Exercise price	Expiry date
1,100,000	\$0.10	September 20, 2025
500,000	\$0.10	December 31, 2025
600,000	\$0.10	April 15, 2026
250,000	\$1.37	October 26, 2026
150,000	\$1.32	November 4, 2026
150,000	\$1.21	February 2, 2027
2,750,000	\$0.34	

10. LOSS PER SHARE

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the year, if dilutive. As at February 28, 2022, basic and diluted loss per share are the same, as stock options or share purchase warrants have an anti-dilutive effect.

11. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended February 28, 2022, the Company had the following non-cash financing activity:

During the six months ended February 28, 2022, the Company expensed \$269,043 finance fees from the total deferred financing charge of \$358,724, as the Company received \$3,750,000 from Crescita, which is 75% of the total drawdowns in the amount of \$5,000,000.

12. FINANCIAL INSTRUMENTS

Categories of financial instruments

	February 28, 2022	August 31, 2021
	\$	\$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash & cash equivalents	35,781	302,234
Amounts receivable	109,148	19,810
Total financial assets	144,929	322,044
Other liabilities, at amortized cost		
Trade payables and accrued liabilities	832,971	412,655
Loans payable	373,348	-
Total financial liabilities	1,206,319	412,655

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (continued)

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

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

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

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

General Objectives, Policies and Processes

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

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

Market Risk

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

Interest Rate Risk

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

Credit Risk

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

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

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

As at February 28, 2022, the Company had a cash balance of \$35,781 (August 31, 2021 – \$302,234) and amounts receivables of \$109,148 (August 31, 2021 – \$19,810) to settle current liabilities due in twelve months or less of \$1,206,319 (August 31, 2021 – \$412,655) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. During the three months ended February 28, 2022, the Company has not had foreign currency transactions, and therefore was not exposed to currency risk.

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

13. CAPITAL DISCLOSURES

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

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

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at February 28, 2022, was \$ 50,781 (August 31, 2021 – \$302,234).

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

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

13. CAPITAL DISCLOSURES (continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes to capital management during the three months ended February 28, 2022.

14. SEGMENTED INFORMATION

The Company's business activity is exploration and development of exploration and evaluation properties carried out in Canada and the United States. Whereby the Company holds exploration and evaluation assets in Canada with a carrying value of \$232,805 (August 31, 2021 - \$89,750) and in the United States with a carrying value of \$11,166,733 (August 31, 2021 - \$Nil).

15. COMMITMENTS AND CONTINGENCIES

As at February 28, 2022, the Company owns two exploration and evaluation properties (Note 4). As at the date of these financial statements, the Company has restoration deposit payable of \$220,175 with regards to its Nevada portfolio.

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 February 28, 2022, total commitment under this agreement was \$9,568.

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 February 28, 2022, total commitment under this agreement was \$20,000.

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 February 28, 2022.

16. SUBSEQUENT EVENTS

On March 10, 2022, Element79 Gold Corp. has signed a letter of intent (LOI) to acquire all of the issued and outstanding securities of Calipuy Resources Inc., and all of the assets and undertakings of Calipuy, which holds a 100-per-cent interest in two past-producing high-grade gold-silver mines: the Lucero mine, one of the highest-grade underground mines in Peru's history, at grades averaging 19.0 grams per tonne (g/t) gold equivalent (AuEq) (14.0 g/t gold and 373 g/t silver), as well as the Machacala project, which averaged production grades of 10.5 g/t AuEq (6.0 g/t gold and 340 g/t silver). Operations were suspended in 2005 at Lucero and 1991 at Machacala, due to the persistence of low gold and silver prices at the time.

On March 30, 2022, the Company appointed Kim Kirkland as vice-president of global exploration.

Element79 Gold Corp.

Notes to the Financial Statements

For the three and six months ended February 28, 2022

(Expressed in Canadian dollars)

16. SUBSEQUENT EVENTS (continued)

On April 4, 2022, the Company filed a short form base shelf prospectus on SEDAR allowing Element79 to offer for sale, from time to time, during the 25-month period that this Prospectus, including any amendments hereto, remains effective, of securities of the Company in one or more series or issuances, with a total offering price of such securities, in the aggregate, of up to \$50,000,000 (or the equivalent thereof in Canadian dollars or one or more foreign currencies or composite currencies).

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the three and six months ended February 28, 2022 were approved and authorized for issue by Board of Directors on April 28, 2022.