

# **ELEMENT79** **▲▲▲ GOLD**

## **Management's Discussion and Analysis**

### **Element79 Gold Corp.**

**For the three and six months ended February 28, 2022**

(Expressed in Canadian dollars)  
(Unaudited)

*The following management discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of Element79 Gold Corp. (the "Company") for the three and six months ended February 28, 2022. Results have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated April 28, 2022.*

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

## **DESCRIPTION OF BUSINESS**

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

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

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

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

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

## **PROJECT OVERVIEW**

### **DALE PROPERTY**

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

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

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

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

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

### ***History***

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

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

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

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

The Ontario Geological Survey completed a regional gold grain in till program in 1994 (Bernier, 1995). Through the program, 136 samples were analyzed with a 1,000 km<sup>2</sup> area of the Swayze Greenstone belt. Six of these samples were within the Property boundary of which one returned above 30 grains of gold, sample 4215 at 42 grains, just west of Horwood Lake NAD83 Zone17 401882E 5306400N.

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

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

### ***Geology and Mineralization***

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

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

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

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

### ***Recent Exploration***

On September 24, 2021, the Company provided an update on its ongoing progress within the Abitibi Subprovince targeting bulk tonnage style gold mineralization at its Dale Gold Property in Ontario, Canada. Mobilization has begun for Phase 1, focused on following up on historic prospecting which has returned up to 3.82 g/t gold.

The Element79 Gold team is utilizing both historical data and the earlier Spring 2021 dronebased magnetometer survey to focus reconnaissance mapping, prospecting, and soil sampling. In addition trenching and channel sampling will be carried out on existing gold showings identified by the vendors of the property which have returned up to 3.82 g/t gold. The Company intends to pursue the Phase 2 work program (including 1,500m of diamond drilling) as recommended within the 43-101 Technical Report following favourable results from Phase 1.

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

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

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

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

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

### ***Conclusions and Recommendations***

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

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

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

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

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

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

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

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

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

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

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

### **Option Agreement**

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

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

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

### **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 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 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.

While Element79 Gold's due diligence review remains ongoing, it has progressed sufficiently that the Company has opted to finance Plutus Gold's Drill Program via a drawable loan facility up to \$1,100,000 CAD in order to facilitate the fulfillment of Plutus Gold's final obligations remaining under the Option Agreement between Plutus Gold and Gitennes Exploration Ltd.

### ***3,000m Fall Drill Program***

The Fall Drill Program will include a minimum of 3,000m of drilling that will test the Snowbird Project mineralized system (the "Gold System") below 400m vertical depth (the maximum depth to which the Gold System has been tested to date). The Gold System is interpreted to be a mesothermal (orogenic) system, which are known to have excellent depth continuity extending to several kilometers.

### ***History***

First discovered in the 1920s, the Snowbird High-Grade Gold Project's original owners completed limited underground development in the 1930s and 1940s. A total of 226 shallow drill holes (both percussion and diamond) representing 19,580 meters have been completed on the Snowbird High-Grade Gold Project, the bulk of which occurred in the 1980s, with a total of 40 diamond drill holes (6,993 meters) drilled since 2017, including 9 holes for which results are pending.

The Snowbird High-Grade Gold Project includes two significant mineralized veins: the "Main Vein" and the "Peg-leg Vein." Underground sampling on the Main Vein in the 1940s produced weighted averages of 10.5 g/t (cut to 30 g/t) and 357.7 g/t (uncut) over 0.6 meters with an individual sample up to 5,074 g/t (Table 1.). Historical drilling has returned up to 8,508.34 g/t gold and 2,899.88 g/t silver (Hole X86-06 by X-Cal Resources Ltd.) over 0.15 meters. Historical trench sampling along 66m of the Peg-leg vein yielded gold assay values of 13.03 g/t across an average width of 0.8m.

### ***Geology and Minerals***

The Snowbird High-Grade Gold Project is a structurally controlled mesothermal deposit with geology that is analogous to the famed Mother Lode District of California, and the Bralorne Mine Complex of British Columbia which produced

4.2 million oz of gold before closing in 1971. It also holds similarities to deposits in several other significant multimillion oz producing mining camps, including the Timmins Camp in the Abitibi Subprovince of Ontario which has produced over 70 million oz of gold to date.

Unlike shallow epithermal deposits, mesothermal deposits can have significant depth extent measured in kilometers. The gold system at the Snowbird High-Grade Gold Project has only been tested to a maximum depth of 400 meters (one hole) with the vast majority of the drilling being shallower than 200 meters. Gold mineralization is hosted by stockwork quartz-carbonate veins (Figure 2) associated with fuchsite, pyrite, stibnite and arsenopyrite along the sheared contact between altered ultramafics and metasediments. The alteration associated with the sheared contact forms a magnetic low, which allows for delineation of the favourable contact using detailed magnetic surveys.

## SELECTED FINANCIAL INFORMATION

### Selected Financial Information

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

	Three months ended February 28, 2022	Six months ended February 28, 2022	Three months ended February 28, 2021	Six months ended February 28, 2021
	\$	\$	\$	\$
Total revenues	-	-	-	-
Operating expenses	649,945	1,470,211	97,646	597,739
Net loss	(649,945)	(1,470,211)	(97,646)	(597,739)
Net loss per share – Basic & fully diluted	(0.01)	(0.03)	(0.00)	(0.03)
Total assets	13,063,933	13,063,933	610,702	610,702

## RESULTS OF OPERATIONS

### For the three months ended February 28, 2022

Comprehensive loss for the three months ended February 28, 2022 was \$649,945 (2021 - \$597,739). Expenses comprise:

- Insurance expenses increased by \$7,420 from \$Nil during the three months ended February 28, 2021 to \$7,420 during the current quarter.
- Investor relations and marketing fees increased by \$110,482 from \$nil during the three months ended February 28, 2021 to \$110,482 during the current quarter. The increase is mainly due to the Company being publicly-listed since August 2021.
- Listing and filing fees increased by \$5,438 from \$18,861 during the three months ended February 28, 2021 to \$24,299 during the current quarter. The increase reflects an increase in corporate activities..
- Management and director fees increased by \$77,000 from \$30,000 during the three months ended February 28, 2021 to \$107,000 during the current quarter. The increase is due to an increase in director fees paid and additions to the management team.
- Office expenses increased by \$3,179 from \$9,330 during the three months ended February 28, 2021 to \$12,509 during the current quarter. The increase reflects an increase in corporate activities.
- Professional fees increased by \$78,724 from \$2,500 during the three months ended February 28, 2021 to \$81,224 during the current quarter. The increase is due to increased property acquisition activity requiring legal council.

- Share-based compensation increased by \$246,287 from \$36,955 during the three months ended February 28, 2021 to \$283,242 during the current quarter. The increase is mainly due to the Company's share price and volatility being significantly increased since its IPO and granting stock options to a consultant of the Company.
- Financing fee increased by \$17,936 from \$Nil during the three months ended February 28, 2021 to \$17,936 during the current quarter.
- Loss on settlement of debt increased by \$5,833 from \$Nil during the three months ended February 28, 2021 to \$5,833 during the current quarter.

#### **For the six months ended February 28, 2022**

Comprehensive loss for the six months ended February 28, 2022 was \$1,470,211 (February 28, 2021 - \$597,739). Expenses comprise:

- Consulting fees increased by \$15,098 from \$2,500 during the six months ended February 28, 2021 to \$17,598 during the current period. The increase reflects an increase in corporate activities.
- Financing fees decreased by \$89,681 from \$358,724 during the six months ended February 28, 2021 to \$269,043 during the current period. The financing fees of \$358,724 were subsequently capitalized as deferred financing charge in 2021. \$269,043 of the financing charge was expensed during the six months ended February 28, 2022 due to the Company receiving the funds from its equity drawdown facility.
- Insurance expenses increased by \$19,080 from \$Nil during the six months ended February 28, 2021 to \$19,080 during the current period.
- Investor relations and marketing fees increased by \$206,092 from \$Nil during the six months ended February 28, 2021 to \$206,092 during the current period. The increase is mainly due to the Company being publicly-listed since August 2021.
- Listing and filing fees increased by \$11,847 from \$18,861 during the six months ended February 28, 2021 to \$30,708 during the current period. The increase reflects an increase in corporate activities.
- Management fees increased by \$97,775 from \$60,000 during the six months ended February 28, 2021 to \$157,775 during the current period. The increase is due to an increase in director fees paid and additions to the management team.
- Office expenses increased by \$29,766 from \$11,848 during the six months ended February 28, 2021 to \$41,614 during the current period. The increase reflects an increase in corporate activities.
- Professional fees increased by \$158,464 from \$27,539 during the six months ended February 28, 2021 to \$186,003 during the current period. The increase is due to increased property acquisition activity requiring legal council.
- Share-based compensation increased by \$418,198 from \$118,267 during the six months ended February 28, 2021 to \$536,465 during the current period. The increase is mainly due to the Company's share price being significantly increased since its IPO and granting stock options to an officer of the Company.
- Loss on settlement of debt increased by \$5,833 from \$Nil during the six months ended February 28, 2021 to \$5,833 during the current period.

#### **LIQUIDITY AND CAPITAL RESOURCES**

As at February 28, 2022 the Company had \$35,781 (August 31, 2021 - 302,234) in cash and working capital of \$741,743 (August 31, 2021 - \$153,411).

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to mineral exploration properties. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital

to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## **RELATED PARTY TRANSACTIONS**

### **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:

	<b>Three months ended February 28, 2022</b>	<b>Six months ended February 28, 2022</b>	<b>Three months ended February 28, 2021</b>	<b>Six months ended February 28, 2021</b>
	\$	\$	\$	\$
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
<b>Total</b>	<b>109,500</b>	<b>443,998</b>	<b>111,312</b>	<b>141,312</b>

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.

## **OUTSTANDING SHARE DATA**

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

As at February 28, 2022 and as at the date of this MD&A, the Company had 53,155,615 common shares issued and outstanding.

As at February 28, 2022 and as at the date of this MD&A, the Company had 28,219,050 share purchase warrants outstanding.

As at February 28, 2022 and as at the date of this MD&A, the Company had 2,750,000 stock options outstanding.

## **CONTROLS AND PROCEDURES**

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

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

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

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

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

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

## **RISK FACTORS**

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

### **Current Global Financial Condition**

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

### **Industry and Mineral Exploration Risk**

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

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

## **Commodity Prices**

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

## **Environmental**

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

## **Reliance upon Key Personnel**

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

## **Insurance**

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

## **Requirements to Obtain Government Permits**

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

## **Joint Ventures**

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

## **Exploration Risks**

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

## **Mineral Property Title Risk**

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

## **Potential for Conflicts of Interest**

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

## **COMMITMENTS AND CONTINGENCIES**

As at February 28, 2022, the Company owns only one exploration and evaluation property. 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 \$15,000.

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.

## **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.

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).