



Element79 Gold Corp.

Condensed Interim Financial Statements
For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)
(Unaudited)

Element79 Gold Corp.
Condensed Interim Statements of Financial Position
As at May 31, 2022 and August 31, 2021
(Expressed in Canadian dollars)
(Unaudited)

	Notes	As at May 31, 2022 \$	As at August 31, 2021 (audited) \$
ASSETS			
Current assets			
Cash and cash equivalents		14,117	302,234
Amounts receivable		112,246	19,810
Prepaid expenses		91,658	244,022
Total current assets		218,021	566,066
Deferred financing charges	5	686,979	358,724
Deposits	6	220,175	-
Exploration and evaluation assets	4	11,180,997	89,750
Total assets		12,306,172	1,014,540
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	7	629,414	412,655
Loans payable	6	342,635	-
Total liabilities		972,049	412,655
EQUITY			
Share capital	9	10,655,619	884,356
Share subscriptions received in advance	9	3,670,000	-
Contributed surplus	9	908,007	356,987
Deficit		(3,899,503)	(639,458)
Total equity		11,334,123	601,885
Total equity and liabilities		12,306,172	1,014,540

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 15)

Subsequent event (Note 16)

APPROVED BY THE BOARD:

“Konstantin Lichtenwald”

Konstantin Lichtenwald

“Julie Hajduk”

Julie Hajduk

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

Element79 Gold Corp.
Condensed Interim Statements of Cash Flows
For the nine months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Three months ended May 31, 2022	Nine months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2021
		\$	\$	\$	\$
Expenses					
Consulting fees		259,767	277,365	-	2,500
Exploration cost	4	1,413,606	1,413,606		
Insurance		9,420	28,500	-	-
Investor relations and marketing	8	97,601	303,693	29,506	29,506
Listing and filing fees		8,349	39,057	-	18,861
Management and director fees	8	94,000	251,775	30,000	90,000
Office expenses		40,845	82,459	21,688	33,536
Professional fees		117,201	303,204	2,500	30,039
Share-based compensation	8,9	14,555	551,020	11,521	129,788
Loss before other item		(2,055,344)	(3,250,679)	(95,215)	(334,230)
Loss on settlement of debt		(3,533)	(9,366)	-	-
Net and comprehensive loss for the period	18	(2,058,877)	(3,260,045)	(95,215)	(334,230)
Loss per share					
Basic and diluted	10	(0.04)	(0.07)	(0.00)	(0.01)
Weighted average number of common shares issued and outstanding		53,232,227	49,281,523	43,545,989	29,238,216

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

Element79 Gold Corp.
Condensed Interim Statements of Cash Flows
For the nine months ended May 31, 2022 and 2021
(Expressed in Canadian dollars)
(Unaudited)

	Nine months ended May 31, 2022	Nine months ended May 31, 2021
	\$	\$
OPERATING ACTIVITIES		
Loss for the period	(3,260,045)	(334,230)
Non-cash items		
Shares issued for consulting fees	-	2,500
Loss on settlement of debts	9,366	-
Share-based compensation	551,020	129,788
Changes in operating working capital:		
Increase in amounts receivable	(92,436)	(9,773)
Decrease in prepaid expenses	152,364	10,000
Increase in deposits	(220,175)	-
Increase in trade payables and accrued liabilities	314,259	23,308
Cash used in operating activities	(2,545,647)	(178,407)
INVESTING ACTIVITIES		
Acquisition of Golco	(300,000)	-
Exploration and evaluation properties expenditures	(2,455,105)	(54,007)
Cash used in investing activities	(2,755,105)	(54,007)
FINANCING ACTIVITIES		
Issuance of common shares	1,000,000	617,132
Share subscriptions received in advance	3,670,000	-
Share issue costs	-	(3,875)
Loans payable	342,635	-
Cash from financing activities	5,012,635	613,257
Increase in cash	(288,117)	380,843
Cash, beginning of the period	302,234	66,257
Cash, end of the period	14,117	447,100

Supplemental cash flow information (Note 11)

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

Element79 Gold Corp.

Condensed Interim Statement of Changes in Equity

For the nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

(Unaudited)

	Number of common shares	Common shares \$	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	30,521,320	680,132	(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	-	-	-	129,788	-	129,788
Net loss for the period	-	-	-	-	(334,230)	(334,230)
Balances, May 31, 2021	43,851,322	890,357	-	338,512	(347,982)	880,887
Balances, August 31, 2021	43,851,322	884,356	-	356,987	(639,458)	601,885
Shares issued for mineral properties	5,126,030	5,533,392	-	-	-	5,533,392
Shares issued for Goldco acquisition	2,525,000	2,802,750	-	-	-	2,802,750
Shares issued for financing fees	533,333	400,000	-	-	-	400,000
Shares issued for subscribed shares	1,564,945	1,000,000	3,670,000	-	-	4,670,000
Shares issued for settlement of debt	88,319	106,866	-	-	-	106,866
Share issue costs	-	(71,745)	-	-	-	(71,745)
Share-based compensation	-	-	-	551,020	-	551,020
Net loss for the period	-	-	-	-	(3,260,045)	(3,260,045)
Balances, May 31, 2022	53,688,949	10,655,619	3,670,000	908,007	(3,899,503)	11,334,123

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

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

Going concern

These unaudited 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 May 31, 2022, the Company had cash of \$14,117, liabilities of \$972,049 and incurred accumulated losses of \$3,899,503 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 nine months ended May 31, 2022 and 2021

(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 year ended August 31, 2021.

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation assets include the following amounts as at May 31, 2022:

	Dale Property	Nevada Portfolio	Total
	\$	\$	\$
ACQUISITION COSTS			
Balance, August 31, 2021	17,600	-	17,600
Cash payments	15,000	2,132,663	2,147,663
Shares issued	30,000	5,503,392	5,533,392
Acquisition (Note 17)	-	3,102,750	3,102,750
Balance, May 31, 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	1,418	2,393
Exploration program	95,602	208,443	304,045
Field expenses	1,004	-	1,004
Balance, May 31, 2022	169,731	209,861	379,592
Total costs	232,331	10,948,666	11,180,997

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

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

	Dale Property
	\$
ACQUISITION COSTS	
Balance, August 31, 2020	13,600
Shares issued	4,000
Balance, August 31, 2021	17,600
EXPLORATION AND EVALUATION COSTS	
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.

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 nine months ended May 31, 2022 and 2021

(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) (Note 9)
 - b. \$33,000 on or before December 31, 2022
 - c. \$36,000 on or before December 31, 2023
 - d. \$93,000 on or before December 31, 2024
- d) Execute and deliver to the Optionor on the Closing Date the NSR Royalty granting the Optionor a 0.5% NSR royalty on the Property, subject to the right of the Company to re-purchase 100% of the NSR Royalty for a total consideration of \$525,000 at any time.

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

In addition to the option agreement, the Company paid a finder's fee of 80,000 common shares valued at \$1,600 to a third party (Notes 9 and 11).

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, the Company 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 (issued) (Notes 9 and 17).

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% of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain projects (the "Asset Purchase Agreement"). On December 23, 2021, the Company has fully closed on 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.

The Company also 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 \$2,000,000 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 \$284, in cash or common shares of the Company, on the date that was 18 months following the closing of the Asset Purchase Agreement.

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Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Portfolio (continued)

Such amount was prepaid by the Company concurrently with closing. The vendors have retained a \$500,000 deposit previously advanced by Goldco and the Company, which assumed all obligations of Goldco under the Asset Purchase Agreement, made an additional \$1,500,284 cash payment. The Company also issued 5,095,733 common shares pursuant to the Asset Purchase Agreement (Notes 9 and 11). During the period ended May 31, 2022, the Company paid US\$150,000 as reimbursement of exploration costs incurred prior to the closing.

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% 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% 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 ("Snowbird Project").

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 Project with expenditures totaling \$1,000,000 on or before June 30, 2022 in order to exercise its option to acquire the claims.

For the period ended May 31, 2022, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

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 ("Crescita" or the "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 nine months ended May 31, 2022 and 2021

(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.

On May 5, 2022, the Company has received an increased equity drawdown facility commitment from Crescita to the Company from \$5,000,000 to \$10,000,000 (the “Amendment”). The additional financing is being made available pursuant to an Amendment dated May 2, 2022, to the original investment and advisory agreement with Crescita dated September 14, 2020.

In addition to providing for the additional \$5,000,000 equity drawdown commitment, the Amendment provides an additional requirement for the company to make a top up payment to Crescita in the event that the volume weighted average price of the Company's common shares is less than the subscription price paid by Crescita for a particular drawdown in the 30 days following the drawdown and amends the fees payable to Crescita for the second commitment. The Company paid an 8% fee to Crescita on the additional commitment satisfied by the issuance of 533,333 common shares. These shares are subject to a four-month hold (Notes 9 and 11). The value of the financing fees is recorded as a deferred financing charges to be amortized based on the amount drawn down from the Facility.

During the nine months ended May 31, 2022, the Company received \$4,670,000 from the Facility, issuing 1,564,945 common share (Note 9) and reserving \$3,670,000 value of common shares for future issuance. As at May 31, 2022, the carrying amount of the deferred financing charge is \$686,979 (August 31, 2021 - \$358,724).

6. LOANS PAYABLE

On February 21, 2022, the Company acquired two environmental bonds by issuing a promissory note (the “Note”) in the amount of US\$180,108 to Splitter LLC. The Note matures on September 30, 2022. On and prior to the maturity date, interest shall be payable on the principal amount of this Note outstanding from time to time until paid, at a rate per annum equal to 6%. Such interest shall accrue daily and compound daily in arrears and be payable monthly.

On May 31, 2022, the Company also had a loan payable to Strategic Investments in the amount of \$122,460. The loan is payable on demand and non-interest bearing.

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

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	May 31, 2022	August 31, 2021
	\$	\$
Trade payables	533,914	396,656
Accrued liabilities	95,500	16,000
Total trade and other payables	629,414	412,656

8. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of directors and other members of key management for the periods ended May 31, 2022 and 2021 are as follows:

	Three months ended May 31, 2022	Nine months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2021
	\$	\$	\$	\$
Director and management fees	94,000	251,775	30,000	90,000
Investor relations fees	16,773	53,786	-	-
Share-based compensation	-	388,553	-	81,312
Total	110,773	694,114	30,000	171,312

As at May 31, 2022, \$20,000 (August 31, 2021 - \$4,000) in director fees was payable to a director and \$82,581 (August 31, 2021 - \$4,311) in management fees and expense reimbursements was payable to the officers.

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

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 May 31, 2022, the Company had 53,688,949 common shares issued and outstanding.

Share issuance

On May 5, 2022, issued of 533,333 common shares as an 8% fee to Crescita on the additional \$5,000,000 equity drawdown commitment (Notes 5 and 11).

On February 1, 2022, the Company has entered into debt settlement agreements with certain creditors of the Company pursuant to which the Company has agreed to settle debts in the aggregate amount of \$97,500 in consideration for the issuance of an aggregate of 88,319 common shares valued at \$106,866, resulting in a loss on settlement of \$9,366 (Note 11).

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 Facility (Note 5).

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 (Note 4).

On December 17, 2021, the Company issued 2,525,000 common shares at a price of \$1.11 per share to Goldco in relation to the Securities Exchange Agreement pursuant to which the Company has acquired all of the issued and outstanding securities of Goldco (Notes 4 and 17).

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 (Notes 4 and 11).

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Share issuance (continued)

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 5 and 11).

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

On September 18, 2020, the Company issued 200,001 common shares valued at \$4,000 to the owners of the Dale Property (Notes 4 and 11).

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 and 11).

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.

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For the three and nine months ended May 31, 2022 and 2021

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9. SHARE CAPITAL (continued)

Escrow securities

As at May 31, 2022, 3,254,625 common shares and 2,156,250 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 nine months ended May 31, 2022, the Company received \$4,670,000 from the Facility, issuing 1,564,945 common share and reserving \$3,670,000 value of common shares for future issuance (Note 5).

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

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9. SHARE CAPITAL (continued)

Share purchase warrants (continued)

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

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

As at May 31, 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 director 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:

Risk-Free Annual Interest	1.39%
Expected Volatility	100.00%
Expected Life of Option	5 years
Expected Annual Dividend	0%

Element79 Gold Corp.

Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

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9. SHARE CAPITAL (continued)

Stock options (continued)

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.

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

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 a director and 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:

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 \$14,555 for the nine months ended May 31, 2022 (August 31, 2021 – \$29,995) in relation to the vesting of these stock options. The value was determined using the Black-Scholes Option Pricing Model using the following assumptions:

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.

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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:

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:

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 May 31, 2022 and year ended August 31, 2021:

		May 31, 2022		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 nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

Stock options (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at May 31, 2022:

Number of options	Exercise price	Expiry date
1,100,000	\$0.10	November 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 May 31, 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 nine months ended May 31, 2022

During the nine months ended May 31, 2022, the Company had the following non-cash financing activity:

During the nine months ended May 31, 2022, the Company expensed \$71,745 finance fees from the total deferred financing charges of \$358,724, as the Company issued common shares for \$1,000,000 to Crescita, which is 20% of the original Facility. The Company also issued 533,333 shares valued at \$400,000 for additional deferred financing charges in relation to \$5,000,000 increase of the Facility (Note 5 and 9).

During the nine months ended May 31, 2022, the Company has entered into debt settlement agreements with certain creditors of the Company pursuant to which the Company has agreed to settle debts in the aggregate amount of \$97,500 in consideration for the issuance of an aggregate of 88,319 common shares valued at \$106,866, resulting in a loss on settlement of \$9,366 (Note 9).

Element79 Gold Corp.

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For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

11. SUPPLEMENTAL CASH FLOW INFORMATION

During the nine months ended May 31, 2021

During the nine months ended May 31, 2021, the Company had the following non-cash investing and financing transactions:

During the nine months ended May 31, 2021, the Company issued 200,001 common shares valued at \$10,000 to the owners of the Dale Property to satisfy the initial payment of the mineral property option agreement (Notes 4 and 9).

During the nine months ended May 31, 2021, the Company issued 3,000,000 common shares to Crescita valued at \$150,000 as deferred financing fees related to the equity drawdown facility (Note 5 and 9).

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 and 9).

12. FINANCIAL INSTRUMENTS

Categories of financial instruments

	May 31, 2022	August 31, 2021
	\$	\$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash and cash equivalents	14,117	302,234
Amounts receivable	-	19,810
Total financial assets	14,117	322,044
Other liabilities, at amortized cost		
Trade payables and accrued liabilities	629,414	412,655
Loans payable	342,635	-
Total financial liabilities	972,049	412,655

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.

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Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

(Expressed in Canadian dollars)

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.

12. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes

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

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

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has a promissory note with a fixed interest rate of 6% per annum. Therefore, interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions. This risk is considered minimal.

Credit Risk

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

Liquidity Risk

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

As at May 31, 2022, the Company had a cash balance of \$14,117 (August 31, 2021 – \$302,234) and amounts receivables of \$112,246 (August 31, 2021 – \$19,810) to settle current liabilities due in twelve months or less of \$972,049 (August 31, 2021 – \$412,655) and carry out its planned exploration program in the coming year. Management seeks additional financing through the

Element79 Gold Corp.

Notes to the Financial Statements

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issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so.

Element79 Gold Corp.

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12. FINANCIAL INSTRUMENTS (continued)

Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company acquired the Nevada Portfolio during the nine months ended May 31, 2022. As a result, the Company will incur more expenditures in U.S. Dollar in the future. During the nine months ended May 31, 2022, the Company paid certain acquisitions costs in U.S. Dollar, as disclosed in Note 4. The Company does not use derivative instruments to reduce its currency risk. Management will continue to monitor its spending in foreign currency and will develop a strategy to manage any potential risk.

Determination of Fair Value

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

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

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

The carrying amounts for cash, 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 May 31, 2022, was \$14,117 (August 31, 2021 – \$302,234).

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Notes to the Financial Statements

For the three and nine months ended May 31, 2022 and 2021

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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 nine months ended May 31, 2022.

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For the three and nine months ended May 31, 2022 and 2021

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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 of America ("U.S."). The Company holds exploration and evaluation assets in Canada with a carrying value of \$232,331 (August 31, 2021 - \$89,750) and in the U.S. with a carrying value of \$10,948,666 (August 31, 2021 - \$Nil). The Company also has deposits of \$220,175 in the U.S. All other assets are located in Canada.

15. COMMITMENTS AND CONTINGENCIES

As at May 31, 2022, the Company owns two exploration and evaluation properties (Note 4). As at the date of these financial statements, the Company does not consider that any amounts related to decommissioning liabilities are payable.

The Company entered into a Platform Account Agreement dated August 4, 2021 with Social Reality Inc. The agreement is for twelve months and will automatically renew on a month-to-month basis, unless the Company provides a 30-days written notice.

The Company has renewed an agreement with CorpComm Services Ltd. ("CorpComm") for continued writing and publishing dated April 15, 2022. The agreement is for twelve months with cash consideration of up to \$15,000 per month until April 15, 2023.

The Company has retained its agreement with Renmark Financial Communications Inc. to assist with its investor relations and marketing objectives with cash consideration of up to \$8,000 per month, starting May 1, 2022 until November 30, 2022.

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 May 31, 2022.

16. SUBSEQUENT EVENTS

On June 23, 2022, the Company has entered into debt settlement agreements for the settlement of professional and consulting services provided by the creditors to the Company. In settlement and full satisfaction, the Company issued 598,427 common shares of the Company.

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16. SUBSEQUENT EVENTS (continued)

On June 29, 2022, the Company completed the acquisition of Calipuy Resources Inc. (“Calipuy”) in relation to the definitive share purchase agreement dated June 19, 2022. Pursuant to the agreement, the Company acquired all of the issued and outstanding securities of Calipuy. Calipuy is a private B.C. corporation, which, through its subsidiaries in Peru, holds a 100% interest in the Lucero property and the Machacala property, subject to certain royalties, encumbrances and other interests, as more particularly described in the agreement.

On closing of the acquisition, the US\$15,000,000 purchase price for the shares of Calipuy was paid by the issuance on a pro rata basis to the shareholders of Calipuy of: (i) an aggregate of 19,165,486 common shares of the Company at an issue price of \$1.00 per share; and (ii) performance bonus warrants to acquire an aggregate of 3,833,085 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the company at an exercise price of \$2.00 per share for a period of three years from the exercise eligibility date.

17. ACQUISITION

On December 17, 2021, the Company closed a Securities Exchange Agreement with Goldco. Under the terms of the Securities Exchange Agreement, the Company 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 (issued, valued at \$2,802,750) (Notes 4 and 9).

The acquisition was accounted for as an asset acquisition as Goldco did not meet the definition of a business under IFRS 3, Business Combination.

The purchase price of \$3,102,750 was allocated to exploration and evaluation assets at May 31, 2022 (Note 4).

Element79 Gold Corp.

Notes to the Financial Statements

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18. CORRECTION OF ERROR IN PRIOR QUARTERS

In the current period, management identified an error in the treatment of its deferred financing charges, which resulted in an overstatement of expenses and deficit and an overstatement of share capital by \$251,107 for the three months ended November 30, 2021 and \$17,936 for the three months ended February 28, 2022 (\$269,043 for the six months ended February 28, 2022). The Company's deferred financing charges should have been recorded to equity as share issuance cost, rather than being expensed as financing fees. The error has been corrected in this financial report as follows.

Summary impact on financial position as at February 28, 2022 (not reported again in the current interim report):

Balance Sheet	Originally reported February 28, 2022	Adjustment Increase / (decrease)	Restated February 28, 2022
Share Capital (net of share issuance costs)	10,323,831	(269,043)	10,054,788
Deficit	(2,109,669)	269,043	(1,840,626)
Total equity	11,857,614	-	11,857,614

Summary impact on statement of loss and comprehensive loss for the six months ended February 28, 2022 (not reported again in the current interim report):

Profit and loss	Originally reported February 28, 2022	Adjustment Increase / (decrease)	Restated February 28, 2022
Financing fees	269,043	(269,043)	-
Net and comprehensive loss for the period	(1,470,211)	269,043	(1,201,168)
Loss per share	(0.03)		(0.03)

Summary impact on financial position as at November 30, 2021 (not reported again in the current interim report):

Balance Sheet	Originally reported November 30, 2021	Adjustment Increase / (decrease)	Restated November 30, 2021
Share Capital (net of share issuance costs)	884,356	(251,107)	633,249
Deficit	(1,459,724)	251,107	(1,208,617)
Total equity	3,534,842	-	3,534,842

Element79 Gold Corp.

Notes to the Financial Statements

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(Expressed in Canadian dollars)

18. CORRECTION OF ERROR IN PRIOR QUARTERS (continued)

Summary impact on statement of loss and comprehensive loss for the three months ended November 30, 2021 (not reported again in the current interim report):

	Originally reported November 30, 2021	Adjustment Increase / (decrease)	Restated November 30, 2021
Profit and loss			
Financing fees	251,107	(251,107)	-
Net and comprehensive loss for the period	(820,266)	251,107	(569,159)
Loss per share	(0.02)		(0.01)

In addition, the comparative period for the three months ended November 30, 2020, February 28, 2021 and May 31, 2021 stated financing fees of \$358,724 in the Statement of Loss and Comprehensive Loss. These financing fees were capitalized to deferred financing charges at August 31, 2021. This audit adjustment should have been reflected in the comparative periods. The error has been corrected in this financial report by adjusting the comparative balances.

Summary impact on statement of loss and comprehensive loss for the nine months ended May 31, 2021:

	Originally reported May 31, 2021	Adjustment Increase / (decrease)	Restated May 31, 2021
Profit and loss			
Financing fees	358,724	(358,724)	-
Net and comprehensive loss for the period	(692,954)	358,724	(334,230)
Loss per share	(0.02)		(0.01)

Summary impact on statement of loss and comprehensive loss for the six months ended February 28, 2021 (not reported again in the current interim report):

	Originally reported February 28, 2021	Adjustment Increase / (decrease)	Restated February 28, 2021
Profit and loss			
Financing fees	358,724	(358,724)	-
Net and comprehensive loss for the period	(597,739)	358,724	(239,015)
Loss per share	(0.03)		(0.01)

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18. CORRECTION OF ERROR IN PRIOR QUARTERS (continued)

Summary impact on statement of loss and comprehensive loss for the three months ended November 30, 2020 (not reported again in the current interim report):

	Originally reported November 30, 2020	Adjustment Increase / (decrease)	Restated November 30, 2020
Profit and loss			
Financing fees	358,724	(358,724)	-
Net and comprehensive loss for the period	(500,093)	358,724	(141,369)
Loss per share	(0.04)		(0.01)

19. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of the Company for the three and nine months ended May 31, 2022 were approved and authorized for issue by Board of Directors on July 27, 2022.