

# ELEMENT79 ▲▲▲ GOLD

## Management's Discussion and Analysis

Element79 Gold Corp.

For the three months ended November 30, 2022  
(Expressed in Canadian dollars)

*The following management discussion and analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes ("Financial Statements") of Element79 Gold Corp. (the "Company") for the three months ended November 30, 2022 and 2021 as well as the audited consolidated financial statements for the years ended August 31, 2022 and 2021. Results 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"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated February 9, 2023.*

*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**

### **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).

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.

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. During the three months ended November 30, 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.

## **PERUVIAN PROPERTIES**

On June 28, 2022, the Company acquired all of the issued and outstanding common shares of Calipuy Resources Inc., which, through its subsidiaries, 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 gold equivalent (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 gold equivalent (6.0 g/t gold and 340 g/t silver). Operations were suspended in 2005 at Lucero and in 1991 at Machacala due to the persistence of low gold and silver prices at the time.

Pursuant to the agreement, the company acquiree 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-per-cent interest in the Lucero property and the Machacala property, subject to certain royalties, encumbrances and other interests, as more particularly described in the agreement.

The purchase price was US\$15 million in Element79 common shares at a deemed price of C\$1.00 per share for the shares of Calipuy paid on a pro rata basis to the shareholders of Calipuy of:

- (i) 19,165,486 common shares of the Company (issued); 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 per share for a period of three years from the exercise eligibility date, subject to achievement of the bonus performance target, the policies of the Canadian Securities Exchange and the terms of warrant certificates to be issued to the Calipuy shareholders in respect thereof.

Element79 may accelerate the expiry of the performance bonus warrants if its common shares have a closing price greater than \$3.50 per share for a period of 10 consecutive trading days on the exchange at any time after closing. The holders of the performance bonus warrants will not have the right to exercise the performance bonus warrants until projects carried out on the properties have cumulatively reached a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 ounces gold within a 30-day production period and the Company

provides notice of achievement of the bonus performance target by news release. All issuances of consideration shares will be paid in Canadian-dollar-denominated shares at the agreed exchange rate of \$1.2777 (Canadian) to \$1 (USD).

An aggregate of 12,971,503 consideration shares and 2,594,298 performance bonus warrants are subject to a lock-up agreement, whereby 50% will be released from lock-up six months from closing (released on December 28, 2022), and the remaining 50% will be released 12 months from closing. The balance of the consideration shares, other than those held by U.S. persons, is not subject to any resale restrictions under applicable securities laws.

The acquisition is a related-party transaction pursuant to Multilateral Instrument 61-101 (Protection of Minority Shareholders in Special Transactions). Antonios Maragakis, who is the chief executive officer and a director of Calipuy, is also a director and the chief operating officer of the Company. Mr. Maragakis has disclosed his interest in the acquisition to the board of directors of each of the Company and Calipuy and has abstained from voting on approval of the agreement and the acquisition. In addition, Shane Williams, who has been nominated for election to the board of directors of the Company at the coming shareholders meeting scheduled for June 22, 2022, is a director of Calipuy. Prior to closing, neither Mr. Maragakis, nor Mr. Williams holds any common shares of the Company, and following closing, their beneficial direct and indirect shareholdings will increase to 97,688 common shares and 292,509 common shares, respectively. The acquisition and agreement were reviewed and considered by the disinterested members of the board of directors of the Company with Mr. Maragakis recusing himself for discussions relating to the same, and the disinterested members of the board unanimously approved entry into the agreement and completion of the acquisition on the terms of the agreement. The Company believes that the acquisition provides an opportunity to advance the properties and deliver value to Element79 shareholders. A special committee was not formed for the purpose of reviewing the acquisition, and an independent valuation was not obtained in connection with closing. Each of Mr. Maragakis and Mr. Williams will terminate any and all compensation agreements with Calipuy, and will waive any entitlement to severance or change of control payments by Calipuy that would have otherwise been triggered as a request of the acquisition.

Peru has mining-friendly legislation that allows up to 350-tonne-per-day production while larger-scale production permitting is under way.

The highlights of the high-grade Peruvian gold portfolio:

- Recent sampling at Lucero returned up to 116.8 grams per tonne gold equivalent (78.7 grams per tonne gold and 2,856 g/t silver); consistent with historic high-grade (19.0 g/t AuEq (14.0 g/t Au and 373 g/t Ag)) production between 1998 and 2004; recent historic prospecting indicates potential for additional bulk-tonnage high-sulphidation gold-silver deposit;
- Most recent drilling at Machacala by Gold Hawk returned up 15.7 g/t AuEq (13.55 g/t Au and 164 g/t Ag) over 3.15 metres in the drill hole Ma-04 on the Fragua vein; 230,000 tonnes of historical production averaging 10.5 g/t AuEq (6.0 g/t Au and 340 g/t Ag) from 1979 to 1991.

### ***Lucero mine project***

Formerly operated as the Shila mine from 1989 to 2005, Lucero consists of 10,805 hectares located in the Shila range of southern Peru, which contains several historic high-grade gold-silver mines. Lucero consistently delivered high grades during 16 years of operations, and between 1998 and 2004, reported production averaging approximately 18,800 ounces of gold and 435,000 ounces of silver per year at grades of 19.0 g/t AuEq (14.0 g/t Au and 373 g/t Ag), with recoveries at the ore processing facility averaging 94.5 % for gold and 85.5 % for silver.

A recent National Instrument 43-101 report has been prepared for Calipuy on Lucero by Mining Plus. Samples collected by the qualified person returned up to 116.8 g/t AuEq (78.7 g/t Au and 2,856 g/t Ag). Due to a lack of historical data, the project does not host any resources. However, access to the historic workings is available, and the QP states Lucero is underexplored, and has significant exploration potential for extension of known veins and to discover additional veins.

Lucero is one of many low-sulphidation epithermal Au-Ag deposits hosted in tertiary volcanics of the central Andes cordillera of southern Peru. The project hosts 74 recognized epithermal veins, 14 of which have been partially exploited. High-grade bonanza-style direct shipping ore was mined in the past from low- to intermediate-sulphidation quartz-carbonate massive sulphide veins. Prospecting by previous operator Condor Resources Inc. from 2012 to 2020 identified the high-sulphidation epithermal alteration zone with structures that returned peak sample values of 80.1 g/t AuEq (33.4 g/t Au and 3,500 g/t Ag). This alteration zone, measuring approximately 1,300 metres by 1,400 metres, exhibited no evidence of prior sampling or drilling, and is believed to host potential for a bulk-tonnage disseminated gold-silver deposit.

A 0.5-per-cent NSR (net smelter royalty) is retained by Sandstorm Gold Ltd., one of the largest gold royalty companies in the world.

#### ***Acquisition of Minas Lucero Del Sur S.A.C, ("MLDS")***

On December 21, 2020 (the "MLDS Closing Date"), the Company's subsidiary Calipuy Resources Inc. ("Calipuy") completed a share purchase agreement (the "MLDS Agreement") with Condor Resources Inc. ("Condor") to acquire all issued and outstanding shares of MLDS (the "MLDS Shares") which owns certain rights, titles and interests in and to the Lucero mine project in the District of Chacas in Peru.

Pursuant to the MLDS Agreement, the Company is obligated to make the following payments (the "MLDS Cash Payment") to Condor:

- On the MLDS Closing Date US\$90,000 (paid – \$115,704);
- On or before June 21, 2022 US\$75,000\*;
- On or before December 21, 2022 US\$300,000\*;
- On or before December 21, 2023 US\$500,000\*; and
- On or before December 21, 2024 US\$1,000,000\*.

Subsequently, on December 20, 2022, the Company and Condor, the beneficial recipient of the MLDS Cash Payment agreed to reschedule the December 21, 2022 payment of US\$300,000 into two payments: The first payment of US\$100,000 is now due on or before January 31, 2023 (paid) and the balance of US\$200,000 is due on or before March 31, 2023. As consideration for the rescheduled payments, Element79 issued 250,000 shares to Condor on December 21, 2022. All other terms of the sale of Minas Lucero del Sur remain unchanged

In addition to the MLDS Cash Payment, the Company will make an additional cash payment of US\$1,535,000 (the "MLDS Final Cash Payment") to Condor on or before December 31, 2026 in an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$3,500,000\* unless:

- (i) The Company accelerates the MLDS Cash Payment and all such MLDS Cash Payment are made within thirtysix (36) months of the MLDS Closing Date in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$3,000,000;
- (ii) Subject to (i), the price of gold averages not less than US\$2,500 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$4,000,000; or
- (iii) Subject to (i), the price of gold averages not less than US\$3,000 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$6,000,000.

\* collectively the "MLDS Subsequent Cash Payment"

Using a risk-adjusted discount rate of 12%, Calipuy calculated the fair value of the MLDS Subsequent Cash Payment as \$2,783,110 and recorded the provision at the MLDS Closing Date, which will be accreted to the face value during the term of the MLDS Subsequent Cash Payment.

Pursuant to the MLDS Agreement, until the MLDS Subsequent Cash Payment is settled and subsequent to the Company receiving the first \$550,000 proceeds from the future financings, Condor has the right but not the obligation to convert all or part of the outstanding MLDS Subsequent Cash Payment into the Company's common shares at a discounted price of 20% of the price offered in the future financing.

In addition, in connection with the acquisition of MLDS, the Company and Condor entered into a share pledge agreement (the "MLDS SP Agreement"). Pursuant to the MLDS SP Agreement, the MLDS Shares are pledged to Condor as collateral for the MLDS

### ***Machacala mine project***

Machacala consists of over 4,000 hectares located in the district of Carabamba, province of Julcan, department of La Libertad. In 2004, Gold Hawk Resources Inc. estimated a total inferred resource of 420,000 AuEq ounces hosted within 1.56 million tonnes, which equate to a gold equivalent grade of 8.4 g/t; however, individual gold and silver grades were not reported. This historic estimate is the most recent historic resource estimate relevant to Machacala. In addition, Machacala also includes approximately 200,000 tonnes of tailings, which have historically been estimated in 2004 to grade 1.26 g/t gold and 74 g/t silver. This historical tailings estimate is historic in nature, and non-National Instrument 43-101 compliant. Historical metallurgical studies by Gold Hawk show 87-per-cent recoveries of gold and greater-than-50-per-cent recovery of silver in 24 hours of leaching unmilled tailings, with remilling able to increase recoveries to 90 % of gold and 73 % of silver in 24 hours of leaching. A qualified person has not conducted sufficient work on either the historical Gold Hawk or tailings estimates required to categorize these resources to the CIM (Canadian Institute of Mining, Metallurgy and Petroleum) definition of a current mineral resources, which may include the preparation of a new NI 43-101 technical report. Element79 is not treating these historic estimates as current mineral resources, and a qualified person has not reviewed the work to define the quality of work associated with this historic estimate. While these historical estimates are considered to be relevant to future exploration of the Machacala property, they should not be relied upon, and there can be no assurance that any of the historical resources, in whole or in part, will ever become economically viable.

Machacala was first commercially mined in the 1950s before being acquired and operated by Minera Santa Isabel SA from 1979 to 1991, which mined 230,000 metric tonnes averaging 10.5 g/t AuEq (6.0 g/t Au and 340 g/t Ag), representing 78,000 AuEq ounces. Operations were suspended in 1991 due to the persistence of a low gold (\$360 per oz) and silver (\$3.81 per oz) price. Neighbouring concessions include those owned by Fortescue Metals Group (Australian Securities Exchange listed) and by Fresnillo Peru SAC, a subsidiary of Fresnillo PLC (London Stock Exchange listed).

The project was most recently explored by Gold Hawk and Meridian Gold between 1997 and 2004, with a total of 8,500 m in 45 core and reverse circulation drill holes completed. Highlights of this drilling include 11.6 g/t AuEq (11.32 g/t Au and 23.6 g/t Ag) over 3.7 m in the Casa Fuerza vein, and 15.7 g/t AuEq (13.55 g/t Au and 164 g/t Ag) over 3.15 metres in the Fragua vein. Machacala hosts multiple low-sulphidation epithermal Au-Ag veins, of which only four have been only modestly exploited.

All gold equivalent calculations were performed using \$1,650 per ounce gold, and \$22 per ounce silver in line with the Company's Maverick Springs 43-101 resource estimate.

### ***Acquisition of Minera Machacala S.A.C, ("Machacala")***

On November 15, 2021 (the "Machacala Closing Date"), the Company's subsidiary Calipuy Resources Inc. ("Calipuy") completed a share purchase agreement (the "Machacala Agreement") to acquire all issued and outstanding shares of Machacala (the "Machacala Shares") which owns certain rights, titles and interests in and to the Machacala project in the Department of La Libertad of Peru.

Pursuant to the Machacala Agreement, the Company is obligated to make the following payments (the "Machacala Subsequent Payment"):

- On or before May 15, 2023 \$285,000;
- On or before November 15, 2024 \$570,000;
- On or before November 15, 2025 \$1,425,000; and
- On or before November 15, 2026 \$1,852,500.

The Company has an option to satisfy the Machacala Subsequent Payment by issuing the Company's common shares equal to the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, Calipuy calculated the fair value of the Machacala Subsequent Payment as \$2,602,932 and recorded the provision at the Machacala Closing Date, which will be accreted to the face value during the term of the Machacala Subsequent Payment.

### ***Acquisition of Compania Minera SFJ SAC ("SFJ")***

On November 15, 2021 (the "SFJ Closing Date"), the Company completed a share purchase agreement (the "SFJ Agreement") to acquire all issued and outstanding shares of SFJ (the "SFJ Shares") which owns certain rights, titles and interests in and to the Urumalqui project in the Department of La Libertad of Peru.

Pursuant to the SFJ Agreement, the Company is obligated to make the following payments (the "SFJ Subsequent Payment"):

- On or before May 15, 2023 \$15,000;
- On or before November 15, 2024 \$30,000;
- On or before November 15, 2025 \$75,000; and
- On or before November 15, 2026 \$97,500.

The Company has an option to satisfy the SFJ Subsequent Payment by issuing the Company's common shares equal the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, Calipuy calculated the fair value of the SFJ Subsequent Payment as \$136,996 and recorded the provision at the SFJ Closing Date, which will be accreted to the face value during the term of the SFJ Subsequent Payment.

In addition, in connection with the acquisition of SFJ, the Company and the former shareholders of SFJ entered into a share pledge agreement (the "SFJ SP Agreement"). Pursuant to the SFJ SP Agreement, the SFJ Shares are pledged to the former shareholders of SFJ as collateral for the SFJ Subsequent Payment and will be released upon the SFJ Subsequent Payment is settled.

### **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 1,980.50 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.

The company has made all payments required to satisfy the existing agreement on the Dale property until Dec. 31, 2022, and, following the completion of its phase 1 exploration program, Element79 Gold has increased the size of its existing 1,735-hectare property by staking an additional 245.5 hectares directly adjacent to the western and northwestern borders of its existing claims, bringing the total land package to 1,980.5 hectares.

### ***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 Swazye 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

The Dale property is a highly prospective early-stage gold project located in the Swazye greenstone belt, which in turn is part of the Abitibi subprovince which hosts some of the world's largest gold deposits, such as the Timmins camp, which has produced over 70 million ounces of gold. The Swazye greenstone belt is best known for hosting IamGold's Cote Lake deposit which contains 10.2 million ounces measured and indicated and 3.8 million ounces inferred, and is located 50 kilometres southeast of the Dale property. The Cote Lake project received a positive construction decision in July, 2020, and plans to achieve commercial production in 2023.

### ***Recent Exploration***

Following up on the high-resolution data obtained from the drone-based magnetic survey completed by Element79 Gold in 2021, Element79 Gold has completed its phase 1 exploration program, consisting of trenching, channel sampling, prospecting, mapping and soil sampling following up on historic prospecting by the vendors of the property which has yielded up to 3.82 grams per tonne gold, including several highly anomalous samples grading greater than 0.1 g/t gold, with assay results pending. The mineralization present on the Dale property is associated with zones of strong silicification and disseminated pyrite, which the company believes are prospective for bulk-tonnage-style gold mineralization. The company intends to pursue the phase 2 work program (including 1,500 metres of diamond drilling) as recommended within the National Instrument 43-101 technical report following favourable results from phase 1.

The work program, consisting of bedrock trenching and soil sampling, was designed to follow up on several prospecting samples taken by the vendor of the Dale property, which indicated the presence of elevated gold and was completed over several weeks in the fall of 2021.

Highlights of the work program:

- Largely reproduced earlier prospecting results by the Vendors of the property which returned up to 3.8 grams per tonne (g/t) gold; samples yielded up to 2.6 g/t Au;
- East-west trending mineralized deformation zones with elevated gold values appear to be common across the property; potential to form an economic mineral resource;
- Results of the work program warrant an extensive mapping, prospecting and soil sampling program over the Dale property to identify additional mineralized shear zones.

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***

Utilizing the high-resolution data obtained from the drone-based magnetic survey completed by Element79 Gold in 2021, the work program consisted of trenching, channel sampling, prospecting, mapping and soil sampling, following up on historic prospecting by the vendors of the property which has yielded up to 3.8 g/t Au, including several highly anomalous samples grading greater than 0.1 g/t Au, with assay results pending (see news release dated Aug. 16, 2021, available on SEDAR). A total of five trenches were excavated, with a total of 83 rock samples and 49 soil samples which yielded results comparable to earlier reconnaissance prospecting, returning up to 2.6 g/t Au from trench 3, the location of the highest gold assay provided by the vendor, and expanding the original outcrop, leading to a better understanding of the controls on mineralization. Five other grab samples returned over 0.2 g/t Au, with soil samples additionally returning anomalous values up to 54 parts per billion (ppb) Au in eight of 49 samples, suggesting soil sampling is an effective exploration tool on the Dale property.

Four out of five trenches were exposed on east-west striking shear zones that cut through massive unaltered granodiorite of the Dale stock. These shear zones are composed of gabbro dikes with enclaves of foliated metagranodiorite (rafted country rock). Mineralization and alteration are confined to these local shear structures and do not penetrate in the undeformed host metagranodiorite of the Dale stock. This leads to the conclusion that this was a late stage mineralizing event that exploited pre-existing structural weakness in the Dale stock. Though narrow (0.01 metre to three metres wide), these east-west trending mineralized deformation zones seem to be common across the property and have elevated gold values. An area with sufficient densities of these shears with more intense alteration could have the potential to form an economic mineral resource.

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

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

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

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

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

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

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

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

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

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

| <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 (issued)
  - 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.

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.

## **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 has satisfied all obligations to exercise its option agreement with Gilennes Exploration Ltd. to acquire a 100% interest in 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.

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 Gilennes 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.

For the three months ended November 30, 2022, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

## **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. The information set forth below should be read in conjunction with the condensed consolidated interim financial statements, prepared in accordance with IAS 34 under IFRS, and related notes.

|  | Quarter ended<br>November 30, 2022 | Quarter ended<br>August 31, 2022 | Quarter ended<br>May 31, 2022 | Quarter ended<br>February 28, 2022 |
|--|------------------------------------|----------------------------------|-------------------------------|------------------------------------|
|  | \$                                 | \$                               | \$                            | \$                                 |
| Total revenues                             | -                                  | -                                | -                             | -                                  |
| Operating expenses                         | 1,804,183                          | 1,428,128                        | 2,055,344                     | 649,945                            |
| Net loss                                   | (1,340,647)                        | (1,427,972)                      | (2,058,877)                   | (649,945)                          |
| Net loss per share – Basic & fully diluted | (0.01)                             | (0.03)                           | (0.04)                        | (0.01)                             |
| Total assets                               | 27,631,909                         | 26,952,976                       | 12,306,172                    | 13,063,933                         |

|  | Quarter ended<br>November 30, 2021 | Quarter ended<br>August 31, 2021 | Quarter ended<br>May 31, 2021 | Quarter ended<br>February 28, 2021 |
|--|------------------------------------|----------------------------------|-------------------------------|------------------------------------|
|  | \$                                 | \$                               | \$                            | \$                                 |
| Total revenues                             | -                                  | -                                | -                             | -                                  |
| Operating expenses                         | 820,266                            | (67,248)                         | 95,215                        | 97,646                             |
| Net loss                                   | (820,266)                          | 67,248                           | (95,215)                      | (97,646)                           |
| Net loss per share – Basic & fully diluted | (0.02)                             | 0.00                             | (0.00)                        | (0.00)                             |
| Total assets                               | 3,656,597                          | 1,014,540                        | 551,471                       | 610,702                            |

## **RESULTS OF OPERATIONS**

### **For the three months ended November 30, 2022**

Net loss for the three months ended November 30, 2022 was \$1,340,647 and comprehensive loss was \$1,368,165 as compared to net and comprehensive loss of \$820,266 for the three months ended November 30, 2021. The increased loss and costs in all categories relate to the growth and expansion of the Company's operations in the past twelve months. Expenses comprise:

- Consulting fees increased by \$1,054,133 from \$17,598 in three months ended November 30, 2021 to \$1,071,731 for the same period in 2022.
- Exploration cost increased by \$41,128 from \$Nil in three months ended November 30, 2021 to \$41,128 for the same period in 2022.
- Financing fee increased by \$7,471 from \$251,107 in three months ended November 30, 2021 to \$258,578 for the same period in 2022.
- Insurance cost decreased by \$11,660 from \$11,660 in three months ended November 30, 2021 to \$Nil for the same period in 2022.
- Investor relations and marketing expenses increased by \$19,864 from \$95,610 in three months ended November 30, 2021 to \$115,474 for the same period in 2022.
- Listing and filing fees increased by \$2,158 from \$6,409 in three months ended November 30, 2021 to \$8,567 for the same period in 2022.
- Management and director fees increased by \$59,225 from \$50,775 in three months ended November 30, 2021 to \$110,000 for the same period in 2022.
- Office expenses increased by \$100,297 from \$29,105 in three months ended November 30, 2021 to \$129,402 for the same period in 2022.
- Professional fees decreased by \$45,782 from \$104,779 in three months ended November 30, 2021 to \$58,997 for the same period in 2022. The higher professional fees in the prior year relate to the preparation of the acquisition of the Nevada portfolio during the first quarter of the prior fiscal year.
- Administrative expenses increased by \$10,306 from \$Nil in three months ended November 30, 2021 to \$10,306 for the same period in 2022.
- Share-based compensation decreased by \$253,223 from \$253,223 in three months ended November 30, 2021 to \$Nil for the same period in 2022. No new stock options were granted during the current period.
- Gain on settlement of debt increased by \$651,316 from \$Nil in three months ended November 30, 2021 to \$651,316 for the same period in 2022. During the current period, the Company settled an aggregate of \$1,338,503 of debt by issuing 4,967,035 shares.
- Financial expenses increased by \$36,246 from \$Nil in three months ended November 30, 2021 to \$36,246 for the same period in 2022.
- Accretion expense increased by \$186,885 from \$Nil in three months ended November 30, 2021 to \$186,885 for the same period in 2022.
- Other income increased by \$35,351 from \$Nil in three months ended November 30, 2021 to \$35,351 for the same period in 2022.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at November 30, 2022 the Company had \$10,273 (2022 - \$5,021) in cash and working capital deficiency of \$5,252,750 (2022 - \$4,386,773).

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.

The Company can draw down funds from the Facility from time to time during the three-year term at the Company’s discretion by providing a notice (“Drawdown Notice”) to the investor Crescita Capital LLC (“Investor”), and in return for each Drawdown Notice, the Company will allot and issue fully paid shares to the Investor in form of a “Private Placement”. 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**

The remuneration of directors and other members of key management for the period ended 30 November 2022 and 2021 as follows:

|   | <b>Three months ended<br/>November 30,<br/>2022</b> | <b>Three months ended<br/>November 30,<br/>2021</b> |
|---|---|---|
|   | <b>\$</b>   | <b>\$</b>   |
| Director and management fees <sup>(1)</sup> | 84,000  | 35,775  |
| Consulting fees <sup>(2)</sup>              | 37,500  | 15,000  |
| Share-based compensation                    | -   | 253,223   |
| <b>Total</b>                                | <b>121,500</b>                                      | <b>303,998</b>                                      |

<sup>(1)</sup> The following director fees were paid to the directors and former directors of the Company: \$6,000 to a company controlled by Konstantin Lichtenwald, \$6,000 to Neil Pettigrew, \$6,000 to Antonios Maragakis, and \$6,000 to Shane Williams; \$30,000 management fees were paid to James Tworek, the CEO of the Company \$30,000 management fees were paid to Antonios Maragakis, COO of the Company.

<sup>(2)</sup> Consulting fees were paid to a company controlled by Konstantin Lichtenwald, a former director of the Company

As at November 30, 2022, a total amount of \$105,106 was due to key management personnel. Of that amount, \$35,806 was due to Antonios Maragakis, COO of the Company, for management fees; \$15,675 was due to a company controlled by Konstantin Lichtenwald, a former director of the Company; \$23,625 was due to a company controlled by Julie Hajduk, a former director of the company; and \$30,000 was due to Neil Pettigrew, a director of the Company.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **OUTSTANDING SHARE DATA**

As at November 30, 2022, the Company had 83,119,895 common shares issued and outstanding.

As at the date of this MD&A, the Company had 83,586,693 common shares issued and outstanding.

As at November 30, 2022 and the date of this MD&A, the Company had 32,052,135 share purchase warrants outstanding.

As at November 30, 2022 and 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 November 30, 2022, the Company has exploration and evaluation properties in three jurisdictions. Management does not consider that any amounts related to decommissioning liabilities are payable.

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.

On November 04, 2022, the Company engaged the business development and marketing services of two highly seasoned providers, Euroswiss Equity Group and Victory Marketing Solutions. Euroswiss has been engaged for a term of six

months, renewable subject to the agreement by both parties. The Company committed to deliver a total of \$80,000 to Euroswiss, which may be paid in 640,000 free-trading common shares of the company based on the share price of \$0.125 on the date of the agreement.

Victory has been engaged for a term of three months, renewable for additional three-month periods. The Company agreed to pay a fee of \$15,000 per month to Victory, paid quarterly, and shall issue 350,000 options, with the first 100,000 options priced at \$0.15, the second 100,000 options priced at \$0.22 and the final 150,000 options priced at \$0.30.

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 November 30, 2022.

## **ACQUISITION**

### **Calipuy Resources**

On June 28, 2022, the Company completed the acquisition of Calipuy. Under the share purchase agreement, the company acquired all of the issued and outstanding shares of Calipuy with the issuance of 19,165,484 of the Company common shares valued at \$8,911,950. Calipuy is a private B.C. corporation, which, through its subsidiaries in Peru, holds a 100% interest in the Lucero property, the Machacala property and the Urulmuqui property, subject to certain royalties, encumbrances and other interests, as more particularly described in the agreement.

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

The purchase price was allocated as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| <b>Total consideration paid</b>   | <b>8,911,950.06</b> |
| Share Consideration paid          | 8,911,950.06        |
| <b>PPA:</b>                       | <b>8,911,950</b>    |
| Cash received                     | 24,946              |
| Accounts receivable               | 49,712              |
| Accounts payable                  | (115,081)           |
| Provisions                        | (5,935,064)         |
| Exploration and evaluation assets | 14,887,437          |

### **Goldco**

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 (paid) and 2,525,000 common shares of the Company (issued, valued at \$2,802,750).

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

The purchase price of \$3,102,750 was allocated to the Nevada Portfolio exploration and evaluation assets at August 31, 2022.