Element79 Gold Corp.

Condensed Consolidated Interim Financial Statements
For the Six Months Ended February 28, 2023 and 2022

(Expressed in Canadian dollars)
(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements of Element79 Gold Corp. (the "Company") are the responsibility of the Company's management. The condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting under International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed consolidated interim financial statements prior to their submission to the Board of Directors for approval.

The condensed consolidated interim financial statements as at February 28, 2023, and for the periods ended February 28, 2023 and 2022, have not been reviewed or audited by the Company's independent auditors.

/s/ "Neil Pettigrew"

Neil Pettigrew, Director

/s/"Shane Williams"

Shane Williams, Director

Element79 Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)
(Unaudited)

	Notes	As at February 28, 2023	As at August 31, 2022 (audited)
		$	$
ASSETS			
Current assets			
Cash		**75,543**	5,021
Amounts receivable		**178,507**	96,633
Prepaid expenses		**16,208**	19,101
Total current assets		**270,258**	120,755
Exploration and evaluation assets	4,16	**22,495,387**	26,091,770
Deferred financing charges	6,11	**655,821**	740,451
Total assets		**23,421,466**	26,952,976
EQUITY AND LIABILITIES			
Current liabilities			
Trade payable and accrued liabilities	8	**1,876,470**	1,334,656
Loans payable	7	**3,136,567**	2,518,082
Provisions – current	9	**885,667**	654,790
Total current liabilities		**5,898,704**	4,507,528
Provisions – long-term	9	**2,424,697**	5,422,580
Total liabilities		**8,323,401**	9,930,108
Equity			
Share capital	11	**21,157,573**	19,836,469
Share subscriptions received in advance	6,11	**1,268,500**	1,670,000
Contributed surplus	11	**908,007**	908,007
Foreign currency translation reserve		**177,601**	204,910
Deficit		**(8,413,616)**	(5,596,518)
		15,098,065	17,022,868
Total equity and liabilities		**23,421,466**	26,952,976

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 16)
Subsequent events (Note 18)

APPROVED BY THE BOARD:

"Neil Pettigrew"
Neil Pettigrew

"Shane Williams"
Shane Williams

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

Element79 Gold Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the six months ended February 28, 2023 and 2022

(Expressed in Canadian dollars)
(Unaudited)

		Three months ended		Six months ended	
	Notes	**February 28, 2023**	February 28, 2022	**February 28, 2023**	February 28, 2022
		$	$	**$**	$
Expenses					
Consulting fees		**297,055**	15,000	**1,368,786**	67,598
Exploration cost		**(22,844)**	-	**18,284**	-
Financing fee		**(47,643)**	-	**210,935**	-
Insurance		**23,202**	7,402	**23,202**	19,080
Investor relations and marketing		**156,705**	110,482	**272,179**	206,092
Listing and filing fees		**5,910**	24,299	**14,477**	30,708
Management and director fees	10	**52,000**	92,000	**162,000**	107,775
Office expenses		**(64,175)**	12,509	**73,888**	41,614
Professional fees		**43,875**	81,224	**102,872**	186,003
Share-based compensation	10,11	**-**	283,242	**-**	536,465
Net loss before other items		**(444,085)**	(626,158)	**(2,246,623)**	(1,195,335)
Other Items					
Gain/(loss) on settlement of debt	11,12	**288,552**	(5,833)	**939,868**	(5,833)
Foreign exchange loss		**(146,453)**	-	**(148,098)**	-
Other income		**5,415**	-	**4,520**	-
Accretion expense	9	**(175,868)**	-	**(362,753)**	-
Loss on discontinued operations		**(1,045,059)**	-	**(1,045,059)**	-
Net loss for the period		**(1,517,498)**	(631,991)	**(2,858,145)**	(1,201,168)
Other comprehensive loss					
Foreign currency translation		**209**	-	(27,309)	-
Comprehensive loss for the period		**(1,517,289)**	(631,991)	(2,885,454)	(1,201,168)
Loss per share					
Basic and diluted		**(0.02)**	(0.01)	(0.04)	(0.03)
Weighted average number of common shares issued and outstanding		**83,442,009**	50,583,976	81,405,066	47,236,248

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

Element79 Gold Corp.
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended February 28, 2023
(Expressed in Canadian dollars)
(Unaudited)

	Notes	Six months ended **February 28, 2023**	 February 28, 2022
		$	$
OPERATING ACTIVITIES			
Net loss for the period		**(2,858,145)**	(1,201,168)
Non-cash items			
Financing fees		**210,935**	-
(Gain)/loss on settlement of debts	11,12	**(939,868)**	5,833
Accretion expense	9	**362,753**	-
Share-based compensation	11	**-**	536,465
Loss on discontinued operations		**1,045,059**	-
Changes in operating working capital:			
Increase in prepaid expenses		**2,893**	206,521
Decrease (increase) in amounts receivable		**8,079**	(89,338)
Increase in current liabilities		**1,868,651**	787,831
Cash used in operating activities		**(299,643)**	246,144
INVESTING ACTIVITIES			
Exploration and evaluation expenditures		**(712,436)**	(4,262,597)
Cash used in investing activities		**(712,436)**	(4,262,597)
FINANCING ACTIVITIES			
Issuance of common shares		-	1,000,000
Share subscriptions received in advance	6	**538,500**	2,750,000
Promissory note	7	**544,101**	-
Cash from financing activities		**1,082,601**	3,750,000
Increase in cash		**70,522**	(266,453)
Cash, beginning of the period		**5,021**	302,234
Cash, end of the period		**75,543**	35,781

Supplemental cash flow information (Note 12)

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

Element79 Gold Corp.

Condensed Consolidated Interim Statements of Changes in Equity
For the six months ended February 28, 2023
(Expressed in Canadian dollars)
(Unaudited)

	Number of common shares	Share capital	Share subscriptions received in advance	Contributed surplus	Foreign currency translation reserve	Deficit	Total
		$	$	$	$	$	$
Balances, August 31, 2021	43,851,322	884,356	-	356,987	-	(639,458)	**601,885**
Shares issued for mineral properties	7,651,030	8,336,142	-	-	-	-	**8,336,142**
Subscribed shares	1,564,945	1,000,000	2,750,000	-	-	-	**3,750,000**
Shares issued for settlement of debt	88,319	103,333	-	-	-	-	**103,333**
Share-based compensation	-	-	-	536,465	-	-	**536,465**
Net loss for the period	-	-	-	-	-	(1,201,168)	**(1,201,168)**
Balances, February 28, 2022	**53,155,616**	**10,323,831**	**2,750,000**	**893,452**	**-**	**(1,840,626)**	**12,126,657**
Balances, August 31, 2022	**73,452,860**	**19,836,469**	**1,670,000**	**908,007**	**204,910**	**(5,596,518)**	**17,022,868**
Shares issued for subscription received in advance	4,700,000	681,500	(940,000)	-	-	-	**(258,500)**
Shares issued for settlement of debt	4,967,035	657,134	-	-	-	-	**657,134**
Share subscription	-	-	538,500	-	-	-	**538,500**
Share issuance costs	-	(84,630)	-	-	-	-	**(84,630)**
Shares issued for mineral properties	466,798	67,100	-	-	-	-	**67,100**
Disposal of mineral property	-	-	-	-	-	41,047	**41,047**
Foreign currency translation reserve	-	-	-	-	(27,309)	-	**(27,309)**
Net loss for the period	-	-	-	-	-	(2,858,145)	**(2,858,145)**
Balances, February 28, 2023	**83,586,693**	**21,157,573**	**1,268,500**	**908,007**	**177,601**	**(8,413,616)**	**15,098,065**

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

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. Element79 is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company is listed on the Canadian Stock Exchange ("the Exchange") with the trading symbol ELEM and the Frankfurt Stock Exchange with the trading symbol 7YS.

The address of the Company's corporate office and principal place of business is Suite 1100, 1111 Melville Street, Vancouver B.C., V6E 3V6.

Going concern

These unaudited condensed consolidated interim financial statements for the six months period ended February 28, 2023 (the "Financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 28, 2023, the Company had cash of $75,543, current liabilities of $5,898,704 and incurred accumulated losses of $8,413,616 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.

The Company may experience business disruptions, including interruptions in exploration activities relating to COVID-19 (whether government mandated or otherwise) outside the Company's control. This could have a material adverse impact on the Company's business, operations and financial condition.

2. BASIS OF PREPARATION

These Financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. Accrual basis and are based on historical costs, modified where applicable. These Financial statements are presented in Canadian dollars, except where otherwise indicated, and all values are rounded to the nearest dollar except per share values.

The financial statements of the Company for the six months ended February 28, 2023, were approved and authorized for issue by Board of Directors on April 26, 2023.

Statement of Compliance

These 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"). These Financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These Financial statements do not contain all of the information required for full annual financial statements. Accordingly, these Financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended August 31, 2022, which were prepared in accordance with IFRS as issued by the IASB.

Basis of Consolidation

These Financial statements include the accounts of the Company, and its Canadian and Peruvian subsidiaries as follows:

Subsidiary	Ownership Interest	Jurisdiction	Nature of Operations
Calipuy Resources Inc.	100%	BC, Canada	Holding company
Calipuy Holdings Inc.	100%	BC, Canada	Holding company
1316524 B.C. Ltd	100%	BC, Canada	Holding company
ELEM Maverick Springs LLC	100%	NV, USA	Holding company
ELEM Battle Mountain LLC	100%	NV, USA	Holding company
Minas Lucero Del Sur S.A.C.	100%	Peru	Mining and exploration
Compania Minera Calipuy S.A.C.	100%	Peru	Holding company

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the financial statements.

Significant Accounting Judgements and Estimates

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.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

The critical judgements and estimates applied in the preparation of these financial statements are consistent with those disclosed in Note 4 of the audited consolidated financial statements for the year ended August 31, 2022.

3. RECENT PRONOUNCEMENTS

Application of new and revised Accounting Standards

The Company didn't adopt any new or revised accounting standards since its prior year-end on August 31, 2022.

Future changes in accounting policies not yet effective as at February 28, 2023

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties includes the following amounts as at February 28, 2023 and August 31, 2022:

	Dale Property	Nevada Portfolio	Peruvian Properties	Total
ACQUSITION 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
Acquisitions	-	3,102,750	14,887,437	17,990,187
Total Acquisition Costs at August 31, 2022	**62,600**	**10,738,805**	**14,887,437**	**25,688,842**
Shares issued	27,100	-	40,000	67,100
Disposal	-	-	(4,338,744)	(4,338,744)
Total Acquisition Costs at February 28, 2023	**89,700**	**10,738,805**	**10,588,693**	**21,417,198**
EXPLORATION AND EVALUATION COSTS				
Balance, August 31, 2021	72,150	-	-	72,150
Claims maintenance fee	975	1,418	7,425	9,818
Exploration program	95,601	213,538	-	309,139
Field expenses	8,269	2,725	827	11,821
Total Exploration Costs at August 31, 2022	**176,995**	**217,681**	**8,252**	**402,928**
Assaying and sampling	-	-	91	91
Claims maintenance fee	-	530,562	-	530,562
Lease and royalty payments	-	136,000	-	136,000
Exploration program	6,429	2,179	-	8,608
Total Exploration Costs at February 28, 2023	**183,424**	**886,422**	**8,343**	**1,078,189**
Balance at August 31, 2022	**239,595**	**10,956,486**	**14,895,689**	**26,091,770**
Balance at February 28, 2023	**273,124**	**11,625,227**	**10,597,036**	**22,495,387**

4. EXPLORATION AND EVALUATION ASSETS (continued)

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 90 mineral claims located in Ontario, Canada subject to a Net Smelter Return ("NSR") royalty.

Pursuant to the 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 (outstanding)
   (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).

c) Make aggregate share payments totaling $192,000 calculated at the price of the volume weighted average price ("VWAP") of the 10 trading days prior to the issuance date:

   (i) $30,000 on or before December 31, 2021 (issued 30,297 common shares)
   (ii) $33,000 on or before December 31, 2022 (issued 216,798 common shares)
   (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 date Company went public (delivered), the NSR Royalty granting the Optionor a 0.5% NSR royalty, 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 royalty to the benefit of Keystone Associates Inc. existed on the property prior to this agreement and is additional to the 0.5% NSR royalty required as part of Element79's option to purchase.

In addition to the option agreement, the Company paid a finder's fee by issuance of 80,000 common shares of the Company valued at $1,600 to a third party.

The Company is currently negotiating the outstanding payment obligation with the optionor.

Nevada gold portfolio

On December 23, 2021, the Company has fully closed on an asset purchase agreement acquiring the flagship Maverick Springs project and 15 additional projects that comprise the Battle Mountain portfolio, located in the gold mining regions of northeastern Nevada. 1316524 B.C. Ltd. ("Goldco"), a wholly owned subsidiary of the Company, had previously entered into the asset purchase agreement with Clover Nevada LLC ("Clover"), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP ("Waterton"), and Maverick Springs Mining Company LLC ("Maverick"), 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 portfolio.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada gold portfolio (continued)

Pursuant to the asset purchase agreement, the Company agreed to the following terms and payments:

(i) $500,000 deposit (advanced by Goldco)
(ii) $1,500,284 cash payment (paid)
(iii) Issuance of 5,095,733 common shares of the Company to the vendors (issued)
(iv) Issuance of 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 the following:

(i) Cash payment of USD 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 (Note 17). During the six months ended February 28, 2023, the Company has worked with Waterton to create an alternate structure of the CVR. As part of the terms of the updated payment agreement, the final USD 2,000,000 milestone payment due will be converted into a two-year, zero-coupon debt facility with convertibility options priced at $0.15 and a 10% default interest rate. Prepayment by the Company is possible with a 60-day advance notice and paid at a 10% premium to the principal amount remaining.
(ii) Second payment of $284, in cash or common shares of the Company, on the date that is 18 months following the closing of the asset purchase agreement (prepaid by the Company concurrently with closing).
(iii) Security interest in Maverick Springs and the Battle Mountain portfolio, to be released upon completion of the payment under the CVR.

Splitter LLC has also entered into a voting support and lock-up agreement, pursuant to which it agrees to:

(i) vote all shares of the Company it holds in accordance with the recommendations of the Company's management
(ii) retain 50% of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months and the remaining 50% for at least 12 months after closing of the option agreement; 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.

The Maverick Springs project is subject to a total NSR royalty of 7.4%, including 1.5% payable to Maverix Metals Inc. The Company expects to renegotiate the various NSR royalties in order to create an economically viable path forward to the benefit of all parties.

The asset purchase agreement as it relates to the Battle Mountain portfolio and all 15 of its projects is made on an as-is, where-is basis, and accordingly does not disclose any NSR royalties or other royalties payable to any other party.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian properties

Lucero mine project

On December 21, 2020 (the “MLDS Closing Date”), the Company’s subsidiary Calipuy Resources Inc. (“Calipuy”) entered into a share purchase agreement (the “MLDS Agreement”) with Condor Resources Inc. (“Condor”) to acquire all issued and outstanding shares of Minas Lucero Del Sur S.A.C (“MLDS”), a wholly owned subsidiary of Condor, 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 a total cash payment of USD 1,965,000 (the MLDS Cash Payment) as follows:

(i) On the MLDS Closing Date US$90,000 (paid - $115,704);
(ii) On or before June 21, 2022 US$75,000 (paid - $96,968)*;
(iii) On or before December 21, 2022 US$300,000*;
(iv) On or before December 21, 2023 US$500,000*; and
(v) On or before December 21, 2024 US$1,000,000.*.

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, the Company accelerates the MLDS Cash Payment and all such MLDS Cash Payment are made within thirty-six (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;

* collectively the “MLDS Subsequent Cash Payment”

The “MLDS Final Cash Payment is subject to the following:

(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
(ii) 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.

Using a risk-adjusted discount rate of 12%, the Company 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. As at February 28, 2023, the book value of MLDS Subsequent Cash Payment has been accreted to $3,310,364.

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.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian properties (continued)

Lucero mine project (continued)

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 shares of the MLDS are pledged to Condor as collateral for the MLDS.

On December 20, 2022, the Company entered into an amendment agreement to reschedule the December 21, 2022 payment of US$300,000 into two payments as follows:

(i) payment of US$100,000 to be paid on or before January 31, 2023 (paid - $133,500)
(ii) payment of US$200,000 to be paid on or before March 31, 2023 (paid subsequently – Note 18).

As a consideration for the rescheduled payments, the Company issued 250,000 common shares valued at $40,000 to Condor on December 21, 2022. All other terms of the sale of MLDS remain unchanged.

Machacala mine project

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 (the "Machacala Shares") of Minera Machacala S.A.C. which owns certain rights, titles and interests in and to the Machacala mine 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"):

(i) On or before May 15, 2023 $285,000;
(ii) On or before November 15, 2024 $570,000;
(iii) On or before November 15, 2025 $1,425,000; and
(iv) 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%, the Company 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.

Urumalqui project

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 (the "SFJ Shares") of Compania Minera SFJ SAC ("SFJ") 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"):

(i) On or before May 15, 2023 $15,000;
(ii) On or before November 15, 2024 $30,000;
(iii) On or before November 15, 2025 $75,000; and
(iv) On or before November 15, 2026 $97,500.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Urumalqui project *(continued)*

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%, the Company 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.

During the six months ended February 28, 2023, the Company terminated its previously announced (June 20, 2022) acquisition of interest in the Machacala mine project and Urumalqui project to mutual satisfaction with the Counterparties.

As a result of the termination, the Company will return 1,210,299 common shares to the treasury and return all shares of Minera Machacala S.A.C. and Compania Minera SFJ S.A.C., which were acquired through the acquisition of Calipuy Resources Ltd. to their former owners.

Also, as a result of the termination, the Company incurred $1,045,059 in losses on discontinued operations, reduced the balance on its exploration and evaluation assets by $4,338,744 and reduced the balance on the provisions liabilities by $3,119,893.

5. PROPOSED TRANSACTIONS

Snowbird Property

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

For the period ended February 28, 2023, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

6. EQUITY DRAWDOWN FACILITY

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

6. 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 3,394,050 share purchase warrants, being 8.5% of the outstanding shares of the Company at the time of closing of the Facility. 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. The share purchase warrants have been valued at $208,724 using Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.25%, volatility of 100%, dividend yield of 0.00%, and expected life 3 years.

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 received an increased equity drawdown facility commitment from the Investor from $5,000,000 to $10,000,000 (the "Amendment"). Additional financing is being made available pursuant to the Amendment dated May 5, 2022, to the original investment and advisory agreement with the Investor 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 the Investor in the event that the volume weighted average price of the Company's common shares is less than the subscription price paid by the Investor for a particular drawdown in the 30 days following the drawdown and amends the fees payable to the Investor for the second commitment. The Company paid an 8% financing fee to the Investor on the additional commitment satisfied by the issuance of 533,333 common shares of the Company valued at $464,000 (Note 11). The value of the financing fees is recorded as a deferred financing charge to be amortized based on the amount drawn down from the Facility.

On September 22, 2022, the Company issued 4,700,000 shares at a deemed price of $0.20 to Crescita pursuant to the amended drawdown agreement (Note 11).

During the six months ended February 28, 2023, the Company received additional share subscription payments from Crescita amounting to $190,000.

As at February 28, 2023, the carrying amount of the deferred financing charges is $626,473 (August 31, 2022 - $740,451) and the subscribed shares total $920,000 (August 31, 2022 - $1,670,000).

7. LOANS PAYABLE

In relation to the amendment of the equity drawdown facility agreement (Note 6), on July 18, 2022, the Company issued a promissory note of $2,500,000 with an interest rate of 6% per annum to reflect the Outstanding 2021 Funds (amounts advanced to the Company during the initial term of the Facility during 2021 and outstanding on July 18, 2022). During the six months ended February 28, 2023, the Company accrued $74,384 (2022 - $Nil) interest with respect to this promissory note. The total balance due, including accrued interest, as at February 28, 2023 was $2,592,466 (August 31, 2022 – $2,518,082).

Additionally, on September 12, 2022, the Company borrowed a total of $544,101 from different lenders (the "Nevada Promissory Notes") to pay Nevada projects concessions totaling US$404,250 (US$363,495 for Battle Mountain portfolio and US$40,755 for Maverick Springs project). During the six months ended February 28, 2023, the Company recorded $136,551 (2022 - $Nil) in financing fees related to the Nevada Promissory Notes.

(Expressed in Canadian dollars)

8. TRADE PAYABLE AND ACCRUED LIABILITIES

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

As at	**February 28, 2023**	August 31, 2022
	$	$
Trade payables	**1,561,555**	1,223,810
Accrued liabilities	**314,915**	110,846
Trade payable and accrued liabilities	**1,876,470**	1,334,656

9. PROVISIONS

The Company has an obligation to settle the MLDS Subsequent Cash Payment, the Machacala Subsequent Payment and the SFJ Subsequent Payment. The fair value of the obligations was initially recognized as a discounted amount by using a risk-adjusted discount rate of 12%, which will be accreted to the face value during the term of the payments.

	MLDS	**Machacala**	**Urulmuqui**	**Total**
	$	**$**	**$**	**$**
As at August 31, 2021	-	-	-	-
Additions	3,039,584	2,750,706	144,774	5,935,064
Add: Accretion	39,803	41,398	2,179	83,380
Effect of movements in exchange rates	58,926	-	-	58,926
As at August 31, 2022	**3,138,313**	**2,792,104**	**146,953**	**6,077,370**
Add: Accretion	**181,916**	**171,771**	**9,066**	**362,752**
Effect of movements in exchange rates	**123,634**	**-**	**-**	**123,634**
Less: Payment	**(133,500)**	**-**	**-**	**(133,500)**
Disposal of Machacala	**-**	**(2,963,875)**	**(156,018)**	**(3,119,893)**
As at February 28, 2023	**3,310,364**	**-**	**-**	**3,310,364**
Current portion	**885,667**	**-**	**-**	**885,667**
Long-term portion	**2,424,696**	**-**	**-**	**2,424,696**

During the period ended February 28, 2023, the Company recognized $362,752 accretion cost (2022 - $Nil) with a corresponding increase in the carrying value of the provisions. At the end of the period, the Company terminated the acquisition agreement for Machacala mine project and the Urumalqui project. This resulted in the provisions for the Machacala Subsequent Payment and the SFJ Subsequent Payment being written off as well.

As of February 28, 2023, the carrying value of the provisions was $3,310,364 (August 31, 2022 – $6,077,370) of which $885,667 (August 31, 2022 - $654,790) was classified as a current liability.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Key management personnel compensation

The remuneration of directors and other members of key management for the three and six months ended February 28, 2023 and 2022 as follows:

	2023	2022
	$	$
Director and management fees	164,000	127,775
Consulting fees	50,000	30,000
Investor relations fee	-	33,000
Share-based compensation	-	253,223
Total	214,000	443,998

Amounts due to and from key management personnel

As at February 28, 2023, a total amount of $294,604 (August 31, 2022 - $147,004) was due to key management personnel.

11. SHARE CAPITAL

Authorized share capital

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

As at February 28, 2023, the Company had 83,586,693 common shares issued and outstanding.

Share issuance

Share transactions for six months ended February 28, 2023

On January 6, 2023, the Company issued 216,798 common shares valued at $27,100 to the optionors of the Dale Property as part of the required option payment (Note 4).

On December 21, 2022, pursuant to the amendment to the MLDS agreement (Note 4), the Company issued 250,000 shares valued at $40,000 to Condor as a consideration in lieu of rescheduling the payments.

On October 31, 2022, the Company entered into debt settlement agreement with various vendors to settle an aggregate debt of $387,336 and issued 3,312,483 common shares valued at $410,860 resulting in a loss on settlement of $23,524 The common shares are subject to a four-month-plus-one-day hold period.

On September 22, 2022, the Company issued 4,700,000 shares at a price of $0.20 to Crescita pursuant to the amended drawdown agreement (Note 6). The fair value of these shares was $681,500, resulting in a gain on settlement of $258,500.

On September 16, 2022, the Company entered into debt settlement agreement with various vendors to settle an aggregate debt of $191,206 and issued 654,552 common shares valued at $111,274 resulting in a gain on settlement of $79,932. The common shares are subject to a four-month-plus-one-day hold period.

On September 22, 2022, the Company entered into a debt settlement agreement with a vendor to settle debt of $759,960 and issued 1,000,000 common shares valued at $135,000 resulting in a gain on settlement of $624,960. The common shares are subject to a four-month-plus-one-day hold period.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Share issuance (continued)

Share transactions for year ended August 31, 2022

On June 29, 2022, the Company issued an aggregate of 19,165,484 common shares of the Company with a fair value of $8,911,950 to acquire Calipuy Resources Inc. (Note 17).

During the year ended August 31, 2022, the Company entered into debt settlement agreement with various vendors to settle an aggregate debt of $412,069 and issued 686,746 common shares valued at $322,294 resulting in a gain on settlement of $89,775.

On May 5, 2022, the Company issued 533,333 common shares valued at $464,000 as a consideration for the financing fee to Crescita for the additional $5,000,000 equity drawdown commitment (Notes 6).

On January 6, 2022, the Company issued 1,564,945 common shares at a price of $0.639 per share to Crescita as a consideration against $1,000,000 withdrew from the Facility (Note 6).

On January 6, 2022, pursuant to the option agreement for Dale Property, the Company issued 30,297 common shares at a price of $0.99 per share (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 acquired all of the issued and outstanding securities of Goldco (Note 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 portfolio (Note 4).

Escrow securities

Escrow securities are released over a period of 36 months from the date the Company was listed on a Canadian exchange. Of the initial Escrow securities, 10% were released on the date the Company's securities were listed on the Canadian Stock Exchange on August 3rd, 2021, and an additional 15% every six months following the completion of the first release.

As at February 28, 2023, 1,952,775 common shares and 1,293,750 share purchase warrants were held in escrow.

Share subscriptions received in advance

As at February 28, 2023, the Company has received a total of $6,097,833 from the Facility. After issuing $2,329,333 value of common share and reclassifying $2,500,000 to loans (Note 7), the Company reserves $1,268,500 value of common shares for future issuance (Note 6).

Warrants

As at February 28, 2023, the Company had 28,219,050 warrants issued and outstanding (August 31, 2022 – 28,219,050). The following table depicts the warrants issued and outstanding as at February 28, 2023.

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	

The weighted average remaining life of warrants is 1.05 years.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Performance warrants

On June 28, 2022, in connection with the acquisition of Calipuy (Note 4), the Company granted 3,833,085 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, subject to achievement of bonus performance target that is tied to producing a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 oz gold within a 30-day production period.

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 are 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%

On November 4, 2021, the Company 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 are 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 are exercisable for five years until October 26, 2026.

(Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Stock options (continued)

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%

The following is a summary of the changes in the Company's stock option activities as at the three months and year ended February 28, 2023, and August 31, 2022:

	February 28, 2023		August 31, 2022	
	Number of options	**Weighted- average exercise price**	Number of options	Weighted- average exercise price
		$		$
Outstanding, beginning	**2,750,000**	**0.34**	2,200,000	0.10
Granted	**-**	**-**	550,000	1.31
Outstanding, ending	**2,750,000**	**0.34**	2,750,000	0.34

The following table summarizes information regarding stock options outstanding and exercisable as at August 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	

The weighted average remaining life of stock options is 3.04 years.

(Expressed in Canadian dollars)

12. SUPPLEMENTAL CASH FLOW INFORMATION

During the six months ended February 28, 2023, the Company had the following non-cash investing and financing activity:

	Six months ended	
	February 28, 2023	February 28, 2022
	- $ -	- $ -
Non-cash investing activities:		
Fair value of shares issued for exploration and evaluation assets	**67,100**	8,336,142
Non-cash financing activities:		
Fair value of shares issued for debt settlements	**657,134**	103,333
Fair value of shares issued as cost of issuance	**84,630**	269,043
Fair value of shares issued for subscriptions received in advance	**681,500**	-

13. FINANCIAL INSTRUMENTS

Categories of financial instruments

	February 28, 2023	August 31, 2022
	$	$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash & cash equivalents	75,543	5,021
Amounts receivable	178,507	96,633
Total financial assets	**254,050**	101,654
Other liabilities, at amortized cost		
Loans payable	3,136,567	2,518,082
Trade payables and accrued liabilities	1,876,470	1,334,656
Provisions	3,310,364	6,077,370
Total financial liabilities	**8,323,401**	9,930,108

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

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

13. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

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

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

General Objectives, Policies and Processes

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

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

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

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

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

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

As at February 28, 2023, the Company had a cash balance of $75,543 (August 31, 2022 – $5,021) and gross receivables of $178,507 (August 31, 2022 – $96,633) to settle current liabilities due in twelve months or less of $5,898,704 (August 31, 2022 – $4,507,528) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments to continue its operations. There can be no assurance it will be able to do so. As at February 28, 2023, the Company has access to $3,902,167 through its Equity Drawdown Facility.

13. FINANCIAL INSTRUMENTS (continued)

General Objectives, Policies and Processes (continued)

Currency Risk

The Company might be exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

Determination of Fair Value

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

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

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, amount receivable and trade payable, loan payable, and future acquisition payments approximate fair value due to their short-term nature.

14. CAPITAL DISCLOSURES

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

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

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at February 28, 2023, was $75,543 (August 31, 2022 – $5,021).

There are presently no formal capital requirements with which the Company has not complied.

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 six months ended February 28, 2023.

(Expressed in Canadian dollars)

15. SEGMENTED INFORMATION

The Company's business activity is exploration and development of exploration and evaluation properties carried out in Canada, Peru, and the United States of America ("U.S.").

	February 28, 2023		
	Exploration and evaluation assets	**Deferred financing charges**	**Net loss**
	$	**$**	**$**
Canada	273,124	655,821	1,751,936
United States	11,625,227	-	-
Peru	10,597,036	-	947,815
Total	**22,495,387**	**655,821**	**2,699,751**

	August 31, 2022		
	Exploration and evaluation assets	**Deferred financing charges**	**Net loss**
	$	**$**	**$**
Canada	239,595	740,451	4,544,133
United States	10,956,486	-	-
Peru	14,895,689	-	412,927
Total	**26,091,770**	**740,451**	**4,957,060**

16. COMMITMENTS AND CONTINGENCIES

As at February 28, 2023, the Company has exploration and evaluation properties in three jurisdictions (Note 4). 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 4, 2022, the Company engaged the business development and marketing services of Victory Marketing Solutions 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 February 28, 2023.

(Expressed in Canadian dollars)

17. ACQUISITIONS

Calipuy Resources Inc.

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 and the Machacala project.

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-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.

On closing of the acquisition, the purchase price is USD 15 million for the shares of Calipuy to be paid by the issuance on a pro rata basis to the shareholders of Calipuy of:

(i) 19,165,486 common shares of the company at an issue price of $0.465 per share (issued) (Note 11); 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.

The Company may accelerate the expiry of the performance bonus warrants if the common shares of the Company 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 will be subject to a lock-up agreement, whereby 50% will be released from lock-up six months from closing 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 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:

Total consideration paid	**8,911,950**
Share Consideration paid	8,911,950
Assets acquired and liabilities assumed	**8,911,950**
Cash received	24,946
Accounts receivable	49,712
Accounts payable	(115,081)
Provisions (Note 9)	(5,935,064)
Exploration and evaluation assets (Note 4)	14,887,437

17. ACQUISITIONS (Continued)

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) (Note 4 and 11).

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 the Nevada Portfolia exploration and evaluation assets at August 31, 2022 (Note 4).

18. SUBSEQUENT EVENTS

On March 1, 2023, the Company entered into debt settlement agreements with several vendors, and settled debts in the aggregate amount of $581,107 by issuing 5,811,069 common shares of the Company. Also on March 1, 2023, the Company issued 4,000,000 shares to settle $400,000 share subscriptions received in advance.

On March 2, 2023, engaged new providers Sidis Holdings Ltd. and Guerilla Capital Ltd. as contracts with its former service providers are completing.

Sidis Holdings is an online advertising broker providing targeted digital media geared to the European, Chinese and U.S. markets. They select from the leading media channels and platforms to offer the best possible reach and engagement rates.

Sidis has been engaged for an initial contract term of 3 months for $600,000 paid in shares of the company; $300,000 at $0.10 and $300,000 in to be paid in shares priced on the closing date 60 days after first payment date. Extensions of this contract will be possible through negotiations and agreement between the parties.

Guerilla Capital (GCL) utilizes Dynamic, High Impact, High Volume messaging across over 50+ investing groups to ensure millions of investors are targeted and nurtured daily.

GCL has been engaged for an initial term of 3 months at a rate of $10,000 per month, payable in shares of the company priced at $0.10 for the first two months and the closing price of the Company's shares on the 15th date of the third month and every month thereafter if extensions are agreed to in writing.

On March 28, 2023, the Company announced that it has successfully reworked the final payment structure due for the portfolio of Nevada assets that were purchased and announced on December 23, 2021.

Original transaction terms

Per the terms outlined in the Company’s news release of December 23, 2021, the Company paid $2,000,289.97 in cash payments and issued a total of 5,095,733 common shares on December 23. 2021. The Company further made a payment of $150,000 in 2022 to complete the “initial payment” and accounted for the final payment of CAD $2,000,000 via a Contingent Value Rights agreement (“CVR Agreement”) with Waterton Nevada Splitter, LLC (“Waterton”), with the final payment due on December 23, 2022.

18. SUBSEQUENT EVENTS (continued)

Updated final settlement terms

As an update to the CVR Agreement, the Company has worked with Waterton to create an alternate structure. As part of the terms of the updated payment agreement, the final $2,000,000 milestone payment due will be converted into a two-year, zero-coupon debt facility with convertibility options priced at $0.15 and a 10% default interest rate. Prepayment by the Company is possible with a 60-day advance notice and paid at a 10% premium to the principal amount remaining.

On April 4, 2023, the Company issued 8,000,000 common shares to settle $408,000 in share subscriptions received in advance.

On April 11, 2023, the Company announced that that it has made a final payment of US$200,000 to Condor Resources Inc. (“Condor”).

On April 19, 2023, the Company issued 6,000,000 common shares to settle $342,000 in share subscriptions received in advance.

On April 19, 2023, the Company announced the appointment of Zara Kanji, CPA, CGA, as a director of the Company. In addition to helping support the Board in strategic decision making and guidance, Zara will also support the Company as head of the Audit Committee.