



**Element79 Gold Corp.**

**Condensed Consolidated Interim Financial Statements  
For the Nine Months Ended May 31, 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 May 31, 2023, and for the periods ended May 31, 2023 and 2022, have not been reviewed or audited by the Company's independent auditors.

/s/ "Zara Kanji"

**Zara Kanji, 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             |                              |
|---|-------|-------------------|------------------------------|
|   |       | May 31, 2023      | August 31, 2022<br>(audited) |
| ASSETS                                  |       | \$                | \$                           |
| <b>Current assets</b>                   |       |                   |                              |
| Cash                                    |       | 212,165           | 5,021                        |
| Amounts receivable                      |       | 201,697           | 96,633                       |
| Prepaid expenses                        |       | 681               | 19,101                       |
| <b>Total current assets</b>             |       | <b>414,543</b>    | 120,755                      |
| Exploration and evaluation assets       | 4     | 21,293,675        | 26,091,770                   |
| Claims available for sale               | 4     | 2,125,000         | -                            |
| Deferred financing charges              | 5     | 363,802           | 740,451                      |
| <b>TOTAL ASSETS</b>                     |       | <b>24,197,020</b> | 26,952,976                   |
| <b>EQUITY AND LIABILITIES</b>           |       |                   |                              |
| <b>Current liabilities</b>              |       |                   |                              |
| Trade payable and accrued liabilities   | 7,9   | 1,788,962         | 1,334,656                    |
| Loans payable                           | 6     | 3,024,695         | 2,518,082                    |
| Provisions – current                    | 8     | 636,291           | 654,790                      |
| <b>Total current liabilities</b>        |       | <b>5,449,948</b>  | 4,507,528                    |
| Provisions – long-term                  | 8     | 2,494,643         | 5,422,580                    |
| Convertible Note                        | 11    | 1,455,692         |                              |
| <b>TOTAL LIABILITIES</b>                |       | <b>9,400,283</b>  | 9,930,108                    |
| <b>EQUITY</b>                           |       |                   |                              |
| Share capital                           | 10    | 23,825,797        | 19,836,469                   |
| Share subscriptions received in advance | 5,10  | 965,500           | 1,670,000                    |
| Contributed surplus                     | 10,11 | 1,505,917         | 908,007                      |
| Foreign currency translation reserve    |       | 157,079           | 204,910                      |
| Deficit                                 |       | (11,657,556)      | (5,596,518)                  |
| <b>TOTAL EQUITY</b>                     |       | <b>14,796,737</b> | 17,022,868                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>     |       | <b>24,197,020</b> | 26,952,976                   |

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 16)

Subsequent events (Note 18)

**APPROVED BY THE BOARD:**

*“Zara Kanji”*

Zara Kanji

*“Shane Williams”*

Shane Williams

# Element79 Gold Corp.

## Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

|  | Notes | Three months ended |                    | Nine months ended  |                    |
|--|-------|--------------------|--------------------|--------------------|--------------------|
|  |       | May 31,<br>2023    | May 31,<br>2022    | May 31,<br>2023    | May 31,<br>2022    |
|  |       | \$                 | \$                 | \$                 | \$                 |
| <b>Expenses</b>  |       |                    |                    |                    |                    |
| Consulting fees  | 9     | 347,445            | 259,767            | 1,734,581          | 277,365            |
| Exploration cost   |       | 64                 | 1,413,606          | 42,254             | 1,413,606          |
| Financing fee  |       | 256,742            | -                  | 467,677            | -                  |
| Insurance  |       | 15,837             | 9,420              | 39,039             | 28,500             |
| Investor relations and marketing                                       |       | 905,812            | 97,601             | 1,177,991          | 303,693            |
| Listing and filing fees  |       | 27,712             | 8,349              | 42,189             | 39,057             |
| Management and director fees   | 9     | 268,000            | 94,000             | 430,000            | 251,775            |
| Office expenses  |       | (188,691)          | 40,845             | 33,294             | 82,459             |
| Professional fees  |       | 136,235            | 117,201            | 239,107            | 303,204            |
| Share-based compensation   | 9,10  | -                  | 14,555             | -                  | 551,020            |
| <b>Net loss before other items</b>                                     |       | <b>(1,769,156)</b> | <b>(2,055,344)</b> | <b>(4,206,132)</b> | <b>(3,250,679)</b> |
| <b>Other items</b>   |       |                    |                    |                    |                    |
| Gain (loss) on settlement of debts                                     | 10    | (131,286)          | (3,533)            | 900,304            | (9,366)            |
| Foreign exchange loss  |       | (143,793)          | -                  | (143,793)          | -                  |
| Other income   |       | 65                 | -                  | 4,585              | -                  |
| Accretion expense  | 8     | (144,791)          | -                  | (507,544)          | -                  |
| Change in fair value of claims available for sale                      | 4     | (1,108,385)        | -                  | (1,108,385)        | -                  |
| Gain (loss) on discontinued operations                                 | 4     | 3,939              | -                  | (1,041,120)        | -                  |
| <b>Net loss for the period</b>   |       | <b>(3,293,407)</b> | <b>(2,058,877)</b> | <b>(6,102,085)</b> | <b>(3,260,045)</b> |
| <b>Other comprehensive loss</b>  |       |                    |                    |                    |                    |
| Foreign currency translation   |       | (20,313)           | -                  | (47,831)           | -                  |
| <b>Comprehensive loss for the period</b>                               |       | <b>(3,313,720)</b> | <b>(2,058,877)</b> | <b>(6,149,916)</b> | <b>(3,260,045)</b> |
| <b>Loss per share</b>  |       |                    |                    |                    |                    |
| Basic and diluted  |       | (0.03)             | (0.04)             | (0.07)             | (0.07)             |
| <b>Weighted average number of common shares issued and outstanding</b> |       |                    |                    |                    |                    |
|  |       | 105,122,705        | 53,232,227         | 89,397,824         | 49,281,523         |

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 nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)  
(Unaudited)

|   | Nine months ended  |                    |
|---|--------------------|--------------------|
|   | May 31, 2023       | May 31, 2022       |
|   | \$                 | \$                 |
| <b>OPERATING ACTIVITIES</b>                       |                    |                    |
| Net loss for the period                           | (6,102,085)        | (3,260,045)        |
| Non-cash items                                    |                    |                    |
| Financing fees                                    | 428,105            | -                  |
| (Gain) loss on settlement of debts                | (900,304)          | 9,366              |
| Accretion expense                                 | 507,544            | -                  |
| Share-based compensation                          | -                  | 551,020            |
| Change in fair value of claims available for sale | 1,108,385          | -                  |
| Loss on discontinued operations                   | 1,041,120          | -                  |
| Changes in operating working capital:             |                    |                    |
| Increase in prepaid expenses and deposits         | (15,393)           | (67,811)           |
| Decrease (increase) in amounts receivable         | 18,420             | (92,436)           |
| Increase in current liabilities                   | 2,977,681          | 314,259            |
| <b>Cash used in operating activities</b>          | <b>(936,527)</b>   | <b>(2,545,647)</b> |
| <b>INVESTING ACTIVITIES</b>                       |                    |                    |
| Acquisition of Goldco                             | -                  | (300,000)          |
| Exploration and evaluation expenditures           | (1,035,250)        | (2,455,105)        |
| <b>Cash used in investing activities</b>          | <b>(1,035,250)</b> | <b>(2,755,105)</b> |
| <b>FINANCING ACTIVITIES</b>                       |                    |                    |
| Issuance of common shares                         | -                  | 1,000,000          |
| Share subscriptions received in advance           | 1,784,500          | 3,670,000          |
| Promissory notes and loans payable                | 394,421            | 342,635            |
| <b>Cash from financing activities</b>             | <b>2,178,921</b>   | <b>5,012,635</b>   |
| <b>Increase in cash</b>                           | <b>207,144</b>     | <b>(288,117)</b>   |
| Cash, beginning of the period                     | 5,021              | 302,234            |
| <b>Cash, end of the period</b>                    | <b>212,165</b>     | <b>14,117</b>      |

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 nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

|  | Number of<br>common<br>shares | Share<br>capital  | Share<br>subscriptions<br>received in<br>advance | Contributed<br>surplus | Accumulated<br>other<br>comprehensive<br>income | Deficit             | Total             |
|--|-------------------------------|-------------------|--|------------------------|---|---------------------|-------------------|
|  |                               | \$                | \$   | \$                     | \$  | \$                  | \$                |
| <b>Balances, August 31, 2021</b>               | 43,851,322                    | 884,356           | -  | 356,987                | -   | (639,458)           | 601,885           |
| Shares issued for mineral properties           | 5,126,030                     | 5,533,392         | -  | -                      | -   | -                   | 5,533,392         |
| Shares issued for Goldco acquisition           | 2,525,000                     | 2,802,750         | -  | -                      | -   | -                   | 2,802,750         |
| Shares issued for financing fees               | 533,333                       | 464,000           | -  | -                      | -   | -                   | 464,000           |
| Shares issued against equity drawdown facility | 1,564,945                     | 1,000,000         | 3,670,000  | -                      | -   | -                   | 4,670,000         |
| Shares issued for settlement of debts          | 88,319                        | 106,866           | -  | -                      | -   | -                   | 106,866           |
| Share issuance costs                           | -                             | (71,745)          | -  | -                      | -   | -                   | (71,745)          |
| Share-based compensation                       | -                             | -                 | -  | 551,020                | -   | -                   | 551,020           |
| Net loss for the period                        | -                             | -                 | -  | -                      | -   | (3,260,045)         | (3,260,045)       |
| <b>Balances, May 31, 2022</b>                  | <b>53,688,949</b>             | <b>10,719,619</b> | <b>3,670,000</b>                                 | <b>908,007</b>         | <b>-</b>  | <b>(3,899,503)</b>  | <b>11,398,123</b> |
| <b>Balances, August 31, 2022</b>               | <b>73,452,860</b>             | <b>19,836,469</b> | <b>1,670,000</b>                                 | <b>908,007</b>         | <b>204,910</b>                                  | <b>(5,596,518)</b>  | <b>17,022,868</b> |
| Shares issued against equity drawdown facility | 29,700,000                    | 2,461,500         | (704,500)  | -                      | -   | -                   | 1,757,000         |
| Shares issued for settlement of debts          | 18,130,172                    | 1,658,015         | -  | -                      | -   | -                   | 1,658,015         |
| Shares issued for mineral properties           | 466,798                       | 67,100            | -  | -                      | -   | -                   | 67,100            |
| Share issuance costs                           | -                             | (197,287)         | -  | -                      | -   | -                   | (197,287)         |
| Convertible note                               | -                             | -                 | -  | 597,910                | -   | -                   | 597,910           |
| Disposal of mineral property                   | -                             | -                 | -  | -                      | -   | 41,047              | 41,047            |
| Foreign currency translation reserve           | -                             | -                 | -  | -                      | (47,831)  | -                   | (47,831)          |
| Net loss for the period                        | -                             | -                 | -  | -                      | -   | (6,102,085)         | (6,102,085)       |
| <b>Balances, May 31, 2023</b>                  | <b>121,749,830</b>            | <b>23,825,797</b> | <b>965,500</b>                                   | <b>1,505,917</b>       | <b>157,079</b>                                  | <b>(11,657,556)</b> | <b>14,796,737</b> |

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

# **Element79 Gold Corp.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

### **For the nine months ended May 31, 2023 and 2022**

(Expressed in Canadian dollars)  
(Unaudited)

---

#### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Element79 Gold Corp. (“Element79” or the “Company”) was incorporated under the Company Act (British Columbia) on February 27, 2020. 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 on 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.

##### **Business overview**

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 May 31, 2023, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

##### **Going concern**

These unaudited condensed consolidated interim financial statements for the nine months ended May 31, 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 May 31, 2023, the Company had cash of \$212,165, current liabilities of \$5,449,948 and has incurred accumulated losses of \$11,657,556 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 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. These Financial Statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of the financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

#### **2. BASIS OF PREPARATION**

These Financial Statements have been prepared on an 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 nine months ended May 31, 2023, were approved and authorized for issue by Board of Directors on July 27, 2023.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**2. BASIS OF PREPARATION (continued)**

**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, US and Peruvian subsidiaries as follows:

| <b>Subsidiary</b>           | <b>Ownership Interest</b> | <b>Jurisdiction</b> | <b>Nature of Operations</b> |
|-----------------------------|---------------------------|---------------------|-----------------------------|
| 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             |
| Synergy Metals Inc.         | 100%                      | BC, Canada          | Dormant                     |
| ELEM US Holdings LLC        | 100%                      | NV, USA             | 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      |

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 the 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.



# **Element79 Gold Corp.**

## **Notes to the Condensed Consolidated Interim Financial Statements**

### **For the nine months ended May 31, 2023 and 2022**

(Expressed in Canadian dollars)

---

#### **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 May 31, 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.

# Element79 Gold Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

(Unaudited)

### 4. EXPLORATION AND EVALUATION ASSETS

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

|   | Dale Property  | Nevada Portfolio  | Peruvian Properties | Total             |
|---|----------------|-------------------|---------------------|-------------------|
| <b>ACQUISITION COSTS</b>                          | \$             | \$                | \$                  | \$                |
| Balance, August 31, 2021                          | 17,600         | -                 | -                   | 17,600            |
| Acquisition costs                                 | 45,000         | 10,738,805        | 14,887,437          | 25,671,242        |
| <b>Total Acquisition Costs at August 31, 2022</b> | <b>62,600</b>  | <b>10,738,805</b> | <b>14,887,437</b>   | <b>25,688,842</b> |
| Acquisition costs                                 | 27,100         | 2,000,000         | 44,760              | 2,071,860         |
| Claims available for sale                         | -              | (3,104,108)       | -                   | (3,104,108)       |
| Disposal  | -              | -                 | (4,338,744)         | (4,338,744)       |
| <b>Total Acquisition Costs at May 31, 2023</b>    | <b>89,700</b>  | <b>9,634,697</b>  | <b>10,593,453</b>   | <b>20,317,850</b> |
| <b>EXPLORATION AND EVALUATION COSTS</b>           |                |                   |                     |                   |
| 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            |
| <b>Total Exploration Costs at August 31, 2022</b> | <b>176,995</b> | <b>217,681</b>    | <b>8,252</b>        | <b>402,928</b>    |
| Assaying and sampling                             | -              | -                 | 91                  | 91                |
| Claims maintenance fee                            | -              | 530,532           | -                   | 530,532           |
| Lease and royalty payments                        | -              | 136,000           | -                   | 136,000           |
| Environmental                                     | -              | 711               | -                   | 711               |
| Exploration program                               | 3,665          | 4,287             | 26,888              | 34,840            |
| Costs of claims available for sale                | -              | (129,277)         | -                   | (129,277)         |
| <b>Total Exploration Costs at May 31, 2023</b>    | <b>180,660</b> | <b>759,934</b>    | <b>35,231</b>       | <b>975,825</b>    |
| <b>Balance at August 31, 2022</b>                 | <b>239,595</b> | <b>10,956,486</b> | <b>14,895,689</b>   | <b>26,091,770</b> |
| <b>Balance at May 31, 2023</b>                    | <b>270,360</b> | <b>10,394,631</b> | <b>10,628,684</b>   | <b>21,293,675</b> |

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)  
(Unaudited)

---

**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.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**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. During the nine months ended May 31, 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 has been converted into a two-year, zero-coupon debt facility of \$2,000,000 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.

During the nine months ended May 31, 2023, the Company started discussions with third parties regarding the sale of some of the 15 additional projects. As a result, 597 claims with an aggregate cost of \$3,233,385 were reclassified from exploration and evaluation assets to claims available for sale. The Company estimates a fair value of \$2,125,000 for these assets and recognized a loss in the fair value of claims for sale of \$1,108,385 during the period.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**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 May 31, 2023, the book value of MLDS Subsequent Cash Payment has been accreted to \$3,130,934.

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.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**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 - \$269,900).

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 a total cash payment of \$4,132,500 (the “Machacala Subsequent Payment”) over a period of five years.

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.

Urupalqui 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 Urupalqui project in the Department of La Libertad of Peru.

Pursuant to the SFJ Agreement, the Company is obligated to make a total cash payment of \$217,500 (the “SFJ Subsequent Payment”) over a period of five years.

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.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**4. EXPLORATION AND EVALUATION ASSETS (continued)**

**Peruvian Properties (continued)**

*Urupalqui project (continued)*

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 nine months ended May 31, 2023, the Company terminated its previously announced (June 20, 2022) acquisition of interest in the Machacala mine project and Urupalqui project to mutual satisfaction with the Counterparties.

Pursuant to the termination of these agreements, 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.

As a result of the termination, the Company incurred \$1,041,120 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 \$3,119,894 (Note 9).

**5. EQUITY DRAWDOWN FACILITY**

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

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.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**5. EQUITY DRAWDOWN FACILITY (continued)**

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 10). 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.

During the nine months ended May 31, 2023, the Company issued 29,700,000 shares at prices ranging from \$0.051 to \$0.200 to Crescita to settle share subscriptions received in advance of \$2,489,000 pursuant to the amended drawdown agreement (Note 10). As a result of the issuance, the Company recorded share issuance costs of \$197,287 and reduced deferred financing charges.

During the nine months ended May 31, 2023, the Company withdrew additional amounts from the Facility amounting to \$1,784,500. As at May 31, 2023, the Company has \$3,180,500 remaining available for drawdown.

As at May 31, 2023, the carrying amount of the deferred financing charges is \$363,802 (August 31, 2022 - \$740,451) and the share subscriptions received in advance total \$965,500 (August 31, 2022 - \$1,670,000).

**6. LOANS PAYABLE**

In relation to the amendment of the equity drawdown facility agreement (Note 5), 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 nine months ended May 31, 2023, the Company accrued \$112,192 (2022 - \$Nil) interest with respect to this promissory note. The total balance due, including accrued interest, as at May 31, 2023 was \$2,630,274 (August 31, 2022 - \$2,518,082).

Additionally, on September 12, 2022, the Company borrowed a total of \$544,420 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 nine months ended May 31, 2023, the Company recorded \$136,551 (2022 - \$Nil) in financing fees related to the Nevada Promissory Notes. Also, during the nine months ended May 31, 2023, the Company repaid \$150,000 of the promissory notes. The balance of the Nevada Promissory Notes as at May 31, 2023, was \$394,421.



# Element79 Gold Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

### 7. 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  | May 31,<br>2023  | August 31,<br>2022 |
|--|------------------|--------------------|
|  | \$               | \$                 |
| Trade payables                               | 1,452,678        | 1,223,810          |
| Accrued liabilities                          | 336,284          | 110,846            |
| <b>Trade payable and accrued liabilities</b> | <b>1,788,962</b> | <b>1,334,656</b>   |

### 8. 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            |
|---------------------------------------|------------------|------------------|----------------|------------------|
|                                       | \$               | \$               | \$             | \$               |
| <b>As at August 31, 2021</b>          | -                | -                | -              | -                |
| 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           |
| <b>As at August 31, 2022</b>          | <b>3,138,313</b> | <b>2,792,104</b> | <b>146,953</b> | <b>6,077,370</b> |
| Add: Accretion                        | 273,105          | 171,771          | 9,066          | 453,942          |
| Effect of movements in exchange rates | 122,916          | -                | -              | 122,916          |
| Less: Payment                         | (403,400)        | -                | -              | (403,400)        |
| Disposal                              | -                | (2,963,875)      | (156,019)      | (3,119,894)      |
| <b>As at May 31, 2023</b>             | <b>3,130,934</b> | <b>-</b>         | <b>-</b>       | <b>3,130,934</b> |
| <b>Current portion</b>                | <b>636,291</b>   | <b>-</b>         | <b>-</b>       | <b>636,291</b>   |
| <b>Long-term portion</b>              | <b>2,494,643</b> | <b>-</b>         | <b>-</b>       | <b>2,494,643</b> |

During the period ended May 31, 2023, the Company recognized \$453,942 accretion cost (2022 - \$Nil) with a corresponding increase in the carrying value of the provisions. In February 2023, the Company terminated the acquisition agreement for Machacala mine project and the Urulmuqui project. As a result, the Company wrote off the provisions for the Machacala Subsequent Payment and the SFJ Subsequent Payment.

As of May 31, 2023, the carrying value of the provisions was \$3,130,934 (August 31, 2022 - \$6,077,370) of which \$636,291 (August 31, 2022 - \$654,790) was classified as a current liability.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**9. RELATED PARTY TRANSACTIONS**

The Company's related parties consist of key management personnel and companies owned directly or indirectly by key management personnel.

**Key management personnel compensation**

Key management personnel include persons having the authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Board of Directors and corporate officers.

The remuneration of key management personnel for the nine months ended May 31, 2023 and 2022 as follows:

|                              | <b>Nine months ended</b> |                 |
|------------------------------|--------------------------|-----------------|
|                              | <b>May 31,<br/>2023</b>  | May 31,<br>2022 |
|                              | \$                       | \$              |
| Director and management fees | <b>430,000</b>           | 251,775         |
| Consulting fees              | <b>167,000</b>           | -               |
| Investor relations fee       | -                        | 53,786          |
| Share-based compensation     | -                        | 388,553         |
| <b>Total</b>                 | <b>597,000</b>           | 694,114         |

**Amounts due to and from key management personnel**

As at May 31, 2023, a total amount of \$462,069 (August 31, 2022 - \$147,004) was due to key management personnel and was included in trade payables and accrued liabilities. This amount is non-interest bearing and due on demand.

|  | <b>May 31,<br/>2023</b> | August 31,<br>2022 |
|--|-------------------------|--------------------|
|  | \$                      | \$                 |
| Due to the directors for director fees                   | 56,000                  | 38,000             |
| Due to a company controlled by the CEO                   | 25,015                  | 69,973             |
| Due to the CFO   | 540                     | 19,031             |
| Due to the COO   | 120,000                 | 20,000             |
| Due to a company controlled by the VP Global Exploration | 141,264                 | -                  |
| Due to a company controlled by a director                | 105,000                 | -                  |
| Due to a former director                                 | 14,250                  | -                  |
| <b>Total</b>   | <b>462,069</b>          | 147,004            |

**Other related party transactions**

The acquisition of Calipuy Resources Inc. was a related-party transaction. Antonios Maragakis, who was the chief executive officer and a director of Calipuy, is also a director and the chief operating officer of the Company. In addition, Shane Williams, a director of the Company, was also a director of Calipuy. As part of the acquisition and following closing, the beneficial direct and indirect shareholdings of Mr. Maragakis and Mr. Williams increased to 97,688 common shares and 292,509 common shares, respectively.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**10. SHARE CAPITAL**

**Authorized share capital**

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

As at May 31, 2023, the Company had 121,749,830 common shares issued and outstanding.

**Share issuance**

*Share transactions for nine months ended May 31, 2023*

During the nine months ended May 31, 2023, the Company issued an aggregate of 29,700,000 common shares at prices from \$0.20 to \$0.051 to Crescita pursuant to the amended drawdown agreement (Note 5). The fair value of these shares was an aggregate of \$2,461,500 to settle share subscriptions received in advance of \$2,489,000 resulting in a gain on settlement of \$27,500.

During the nine months ended May 31, 2023, the Company entered into debt settlement agreements with various vendors to settle and aggregate debt of \$2,475,402 and issued 18,130,172 common shares valued at \$1,658,015, resulting in a gain on settlement of debt of \$817,387.

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.

*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 5).

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 5).

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).

# Element79 Gold Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

### For the nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

---

#### 11. SHARE CAPITAL (continued)

##### 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 3<sup>rd</sup>, 2021, and an additional 15% every six months following the completion of the first release.

As at May 31, 2023, 1,952,775 common shares and 1,293,750 share purchase warrants were held in escrow.

##### Share subscriptions received in advance

As at May 31, 2023, the Company has received a total of \$6,954,500 from the Facility. After issuing \$3,489,000 value of common share and reclassifying \$2,500,000 to loans (Note 6), the Company reserves \$965,500 value of common shares for future issuance (Note 5).

##### Warrants

As at May 31, 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 May 31, 2023. There was no change in warrants issued and outstanding during the period ended May 31, 2023, or the year ended August 31, 2022.

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

The weighted average remaining life of warrants is 0.80 years.

##### 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.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**10. SHARE CAPITAL (continued)**

**Stock options (continued)**

*Transactions during the nine months ended May 31, 2023*

No transaction was observed during the period ended May 31, 2023.

*Transactions during the year ended August 31, 2022*

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 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.

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%      |

# Element79 Gold Corp.

## Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended May 31, 2023 and 2022

(Expressed in Canadian dollars)

### 10. SHARE CAPITAL (continued)

#### Stock options (continued)

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

|                            | May 31, 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                             |
| Forfeited                  | (400,000)         | 0.10                             |                   |                                  |
| <b>Outstanding, ending</b> | <b>2,350,000</b>  | <b>0.38</b>                      | <b>2,750,000</b>  | <b>0.34</b>                      |

The following table summarizes information regarding stock options outstanding and exercisable as at May 31, 2023:

| Expiry date       | Number of options | Exercise price | Remaining life in years |
|-------------------|-------------------|----------------|-------------------------|
| November 20, 2025 | 700,000           | \$ 0.10        | 2.48                    |
| December 31, 2025 | 500,000           | 0.10           | 2.59                    |
| April 15, 2026    | 600,000           | 0.10           | 2.88                    |
| October 26, 2026  | 250,000           | 1.37           | 3.41                    |
| November 4, 2026  | 150,000           | 1.32           | 3.43                    |
| February 2, 2027  | 150,000           | 1.21           | 3.68                    |
|                   | 2,350,000         | \$ 0.38        | 2.84                    |

### 11. CONVERTIBLE NOTE PAYABLE

During the period ended May 31, 2023, the Company renegotiated the terms of the CVR Agreement as part of the acquisition of the Nevada gold portfolio (Note 4). The final \$2,000,000 milestone payment has been converted into a two-year, zero-coupon debt facility with convertible 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.

The additional acquisition cost of \$2,000,000 has been recognized in the Nevada gold portfolio. In addition, the Company recorded a liability at amortized cost of \$1,455,692, contributed surplus of \$597,910 and accretion expense of \$53,602 (2022 - \$Nil).

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**12. SUPPLEMENTAL CASH FLOW INFORMATION**

During the nine months ended May 31, 2023, the Company had the following non-cash investing and financing activity:

|   | Nine months ended |              |
|---|-------------------|--------------|
|   | May 31, 2023      | May 31, 2022 |
|   | - \$ -            | - \$ -       |
| Non-cash investing activities:                                    |                   |              |
| Fair value of shares issued for exploration and evaluation assets | 67,100            | 200,001      |
| Non-cash financing activities:                                    |                   |              |
| Fair value of shares issued for debt settlements                  | 1,658,015         | 106,866      |
| Fair value of shares issued as deferred finance charge            | -                 | 464,000      |

**13. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

|   | May 31, 2023     | August 31, 2022  |
|---|------------------|------------------|
|   | \$               | \$               |
| <b>FINANCIAL ASSETS</b>                     |                  |                  |
| <b>FVTPL, at fair value</b>                 |                  |                  |
| Cash  | 212,165          | 5,021            |
| Amounts receivable                          | 201,697          | 96,633           |
| <b>Total financial assets</b>               | <b>413,862</b>   | <b>101,654</b>   |
| <b>Other liabilities, at amortized cost</b> |                  |                  |
| Loans payable                               | 3,024,695        | 2,518,082        |
| Trade payables and accrued liabilities      | 1,788,962        | 1,334,656        |
| Provisions                                  | 3,130,934        | 6,077,370        |
| Convertible Note                            | 1,455,692        |                  |
| <b>Total financial liabilities</b>          | <b>9,400,283</b> | <b>9,930,108</b> |

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

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

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

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

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**13. FINANCIAL INSTRUMENTS (continued)**

**General Objectives, Policies and Processes**

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

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

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company 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 and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at May 31, 2023, the Company had a cash balance of \$212,165 (August 31, 2022 – \$5,021) and amounts receivable of \$201,691 (August 31, 2022 – \$96,633) to settle current liabilities due in twelve months or less of \$5,449,948 (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 May 31, 2023, the Company has access to \$3,180,500 through its Equity Drawdown Facility.

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.



**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**13. FINANCIAL INSTRUMENTS (continued)**

**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 May 31, 2023, was \$212,165 (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 nine months ended May 31, 2023.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(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.").

|               | <b>May 31, 2023</b>                          |                                       |                  |
|---------------|--|---------------------------------------|------------------|
|               | <b>Exploration and<br/>evaluation assets</b> | <b>Deferred financing<br/>charges</b> | <b>Net loss</b>  |
|               | \$   | \$                                    | \$               |
| Canada        | 270,360                                      | 363,802                               | 2,951,163        |
| United States | 8,881,977                                    | -                                     | 1,161,987        |
| Peru          | 10,628,684                                   | -                                     | 1,988,935        |
| <b>Total</b>  | <b>19,781,021</b>                            | <b>363,802</b>                        | <b>6,102,085</b> |

  

|               | <b>August 31, 2022</b>                       |                                       |                  |
|---------------|--|---------------------------------------|------------------|
|               | <b>Exploration and<br/>evaluation assets</b> | <b>Deferred financing<br/>charges</b> | <b>Net loss</b>  |
|               | \$   | \$                                    | \$               |
| Canada        | 239,595                                      | 740,451                               | 3,844,814        |
| United States | 10,956,486                                   | -                                     | -                |
| Peru          | 14,895,689                                   | -                                     | 944,336          |
| <b>Total</b>  | <b>26,091,770</b>                            | <b>740,451</b>                        | <b>4,789,150</b> |

**16. COMMITMENTS AND CONTINGENCIES**

As at May 31, 2023, the Company has no commitments and contingencies to be reported.

**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.

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

On closing of the acquisition, the purchase price was USD 15 million payable in the shares of Calipuy to be paid by the issuance on a pro rata basis to the shareholders of Calipuy as follows:

- (i) 19,165,486 common shares of the company at an issue price of \$0.465 per share (issued) (Note 10); 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 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

**17. ACQUISITIONS (continued)**

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 to US\$1.

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, are not subject to any resale restrictions under applicable securities laws.

The purchase price was allocated as follows:

|  |                  |
|--|------------------|
| <b>Total consideration paid</b>                | <b>8,911,950</b> |
| Share consideration paid                       | 8,911,950        |
| <b>Assets acquired and liabilities assumed</b> | <b>8,911,950</b> |
| 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       |

**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 10).

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 Portfolio exploration and evaluation assets at August 31, 2022 (Note 4).

**18. SUBSEQUENT EVENTS**

On July 12, 2023, James C. Tworek, the Company's Chief Executive Officer was appointed to the Company's board of directors.

On July 13, 2023, the Company announced that it has closed the sale of two properties from its Battle Mountain Portfolio located in the gold mining district of northeastern Nevada, USA to Centra Mining (Nevada) LLC, a subsidiary of Centra Mining Ltd. ("Centra"). Under the terms of the Asset Purchase Agreement, Centra purchased all of Element79 Gold's interests and obligations in relation to 371 claims relating to the Battle Mountain portfolio in exchange for total consideration of CAD \$1,000,000 paid by the issuance of an aggregate of 2,500,000 common shares of Centra at a deemed price of CAD \$0.40 per share (the "Payment Shares"). The transaction is subject to regulatory approval.

**Element79 Gold Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the nine months ended May 31, 2023 and 2022**  
(Expressed in Canadian dollars)

---

**18. SUBSEQUENT EVENTS (continued)**

On July 17, 2023, the Company announced that it has approved the transfer of all rights and data related to the Dale property, a gold exploration project in Ontario, Canada (Note 4) to its newly-created, wholly owned subsidiary, Synergy Metals Corp. (“Synergy Metals”). The Company also plans to spin out and sell Synergy Metals through a Plan of Arrangement.

On July 19, 2023, the Company granted incentive stock options to certain directors, officers and consultants of the Company to purchase an aggregate of 2,875,000 common shares of the Company at an exercise price of \$0.05 per common share expiring three years from the date of grant. The stock options are granted in accordance with the Company’s Stock Option Plan, which was approved by the shareholders at the Company’s annual general meeting on June 22, 2022, and the policies of the Canadian Securities Exchange.

On July 19, 2023, the Company announced that due to market conditions it will not be proceeding with its previously announced placement for the issuance of convertible debentures as announced May 5, 2023. The Company continues to have financing discussions with several parties regarding equity and/or debt capitalization, streaming financing options, project sales and alternative financing arrangements for its portfolio of projects with a priority of advancing Lucero, Maverick Springs, and two projects from its Battle Mountain portfolio, Clover and West Whistler.

Also, on July 19, 2023, the Company announced that it intends to enter debt settlement arrangements with several creditors, settling \$106,250 of corporate debts with 2,125,000 common shares priced at \$0.05.