

# ELEMENT79 ▲▲▲ GOLD

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

**Element79 Gold Corp.**

**For the nine months ended May 31, 2023**  
(Expressed in Canadian dollars)

*The following management discussion and analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes ("Financial Statements") of Element79 Gold Corp. (the "Company") for the nine months ended May 31, 2023 and 2022 as well as the audited consolidated financial statements for the years ended August 31, 2022 and 2021. Results have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated July 27, 2023.*

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

## **DESCRIPTION OF BUSINESS**

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

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

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

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

## **PROJECT OVERVIEW**

### **Peruvian Properties**

On June 28, 2022, the Company acquired all of the issued and outstanding common shares of Calipuy Resources Inc., a private B.C. corporation, which, through its subsidiaries, holds a 100-per-cent interest in the Lucero mine, one of the highest-grade underground mines in Peru's history at grades averaging 19.0 grams per tonne gold equivalent (14.0 g/t gold and 373 g/t silver). Operations were suspended in 2005 at Lucero due to the persistence of low gold and silver prices at the time.

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

- (i) 19,165,486 common shares of the Company (issued); and
- (ii) Performance bonus warrants to acquire an aggregate of 3,833,085 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of \$2 per share for a period of three years from the exercise eligibility date, subject to achievement of the bonus performance target, the policies of the Canadian Securities Exchange and the terms of warrant certificates to be issued to the Calipuy shareholders in respect thereof.

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

An aggregate of 12,971,503 consideration shares and 2,594,298 performance bonus warrants are subject to a lock-up agreement, whereby 50% will be released from lock-up six months from closing (released on December 28, 2022), and the remaining 50% will be released 12 months from closing (released on June 28, 2023). As at the date of this MD&A none of the consideration shares, other than those held by U.S. persons, are subject to any resale restrictions under applicable securities laws.

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

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

The highlights of the high-grade Peruvian gold portfolio:

- Recent sampling at Lucero returned up to 116.8 grams per tonne gold equivalent (78.7 grams per tonne gold and 2,856 g/t silver); consistent with historic high-grade (19.0 g/t AuEq (14.0 g/t Au and 373 g/t Ag)) production between 1998 and 2004; recent historic prospecting indicates potential for additional bulk-tonnage high-sulphidation gold-silver deposit;

#### Lucero mine project

Formerly operated as the Shila mine from 1989 to 2005, Lucero consists of 10,805 hectares located in the Shila range of southern Peru, which contains several historic high-grade gold-silver mines. Lucero consistently delivered high grades during 16 years of operations, and between 1998 and 2004, reported production averaging approximately 18,800 ounces

of gold and 435,000 ounces of silver per year at grades of 19.0 g/t AuEq (14.0 g/t Au and 373 g/t Ag), with recoveries at the ore processing facility averaging 94.5 % for gold and 85.5 % for silver.

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

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

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

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

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

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

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

On December 20, 2022, the Company and Condor, the beneficial recipient of the MLDS Cash Payment agreed to reschedule the December 21, 2022 payment of US\$300,000 into two payments: The first payment of US\$100,000 on or before January 31, 2023 (paid - \$133,500) and the balance of US\$200,000 due on or before March 31, 2023 (paid - \$269,900). As consideration for the rescheduled payments, Element79 issued 250,000 shares valued at \$40,000 to Condor on December 21, 2022. All other terms of the sale of Minas Lucero del Sur remain unchanged.

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

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

- (iii) Subject to (i), the price of gold averages not less than US\$3,000 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$6,000,000.

\* collectively the "MLDS Subsequent Cash Payment"

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

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

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

The acquisition of Calipuy Resources Inc. also included Minera Machacala S.A.C, a Peruvian entity that owns the Machacala mine project and Compania Minera SFJ S.A.C., a Peruvian entity that owns the Urumalqui project. On February 18, 2023, the Company terminated the acquisition of both of these entities. As a result of the termination, the Company will return 1,210,299 common shares to treasury, incurred \$936,132 in losses on discontinued operations, reduced the balance on its exploration and evaluation assets by \$4,338,744 and the balance on the provisions liability by \$3,119,893, as the Machacala subsequent payment and the SFJ subsequent payment is no longer due.

#### Termination of Acquisition of Machacala and SFJ

The acquisition of Calipuy Resources Inc. also included Minera Machacala S.A.C, a Peruvian entity that owns the Machacala mine project and Compania Minera SFJ S.A.C., a Peruvian entity that owns the Urumalqui project.

On February 18, 2023, in a mutual agreement with certain contractors and related parties (counterparties), the Company terminated the acquisition agreements for Machacala and SFJ and will return 1,210,299 of its own common shares to 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.

In this transaction, the company has terminated its previous acquisition of interest in the Machacala project to mutual satisfaction with the counterparties, a transaction which includes both the Machacala past-producing mine and Urumalqui project (SFJ). The company feels that relinquishing ownership of the Machacala project is both a prudent financial decision and it provides greater focus on developing higher-value-generating core projects within its portfolio. The return to treasury of the shares represents the purchase shares issued as part of the original acquisition.

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 the balance on the provisions liability by \$3,119,894, as the Machacala subsequent payment and the SFJ subsequent payment is no longer due.

The termination of the Machacala and Urumalqui purchase agreements is a related party transaction pursuant to Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions. Antonios Maragakis, who was the CEO and a director of Calipuy prior to its purchase by Element79 Gold, is also a director and the chief operating officer of the company. Mr. Maragakis has disclosed his interest in the termination to the board of directors of each of the company and Calipuy, and has abstained from voting on termination of the agreement.

## **Nevada Portfolio**

On December 17, 2021, the Company closed a securities exchange agreement (the "Securities Exchange Agreement") with 1316524 B.C. Ltd. ("Goldco"). Under the terms of the Securities Exchange Agreement, the Company has acquired all of the issued and outstanding shares of Goldco in exchange for a \$300,000 cash payment and 2,525,000 common shares of the Company (issued).

Goldco, had previously entered into the asset purchase agreement with Clover Nevada, a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP, and Maverick Springs Mining Company LLC, a wholly owned subsidiary of Clover, to acquire 100% of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain projects (the "Asset Purchase Agreement"). On December 23, 2021, the Company has fully closed on the Asset Purchase Agreement acquiring the flagship Maverick Springs and 15 additional Projects that comprise the Battle Mountain Portfolio (individually, each a "Project", and collectively, the "Battle Mountain Portfolio"), located in the gold mining regions of northeastern Nevada.

The Company also created and issued a contingent value right ("CVR") to Waterton Nevada Splitter LLC ("Splitter LLC"), a subsidiary of Waterton. Pursuant to the CVR, Splitter LLC is entitled to receive a cash payment of USD2,000,000 payable on the earlier of the occurrence of commercial production and the date that is 12 months following the closing of the asset purchase agreement. Splitter LLC was also entitled to receive a second payment of \$284 (prepaid), in cash or common shares of the Company, on the date that was 18 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 USD2,000,000 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.

Splitter LLC has also entered into a voting support and lock-up agreement, pursuant to which it agrees to: (i) vote all shares of the Company it holds in accordance with managements recommendations; (ii) retain 50% of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months after closing and the remaining 50% for at least 12 months after closing; and (iii) grant the Company a right of first offer in relation to the sale of any common shares of the Company held by Splitter LLC.

### *Sale of Nevada claims*

On July 13, 2023, the Company has closed the sale of two properties from its Battle Mountain Portfolio located in the gold mining district of northeastern Nevada, USA to 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 the Long Peak Project ("Long Peak") and the Stargo Project ("Stargo") 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.

## **Dale Property**

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

The Property is located approximately 100 km southwest of Timmins, Ontario, in the Porcupine Mining District, Dale Township. The claims are centered over the southern arm of Horwood Lake towards the south boundary of Dale Township. Access to all sides of the property is gained by a series of logging roads that can be entered from Highways 101, 144 and 129. Access to the north from Highway 101 traveling south onto the Kukatush forest road to the east part of the Property which also accesses a boat landing for the north part of Horwood Lake. The Property can be accessed year-

round by air using a float plane with skis or a combination of trucks, boat, all-terrain vehicle or snow machine. Exploration work could be carried out year-round.

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

The Property is comprised of 90 unpatented single cell and boundary cell mining claims totaling approximately 1,980.50 hectares. The claims, in the Dale Township, are currently 100% owned by Jean Marc Gaudreau. All unpatented claims are currently in good standing and active with the earliest due date of February 25, 2022.

#### Recent Exploration

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

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

Highlights of the work program:

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

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

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

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

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

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



g/t, 1.57 g/t and 0.061 g/t gold respectively. These follow up samples confirmed the gold mineralized nature of this structure.

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

### Conclusions and Recommendations

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

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

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

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

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

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

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

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

## **Option Agreement**

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

- a) Make aggregate cash payments of \$127,000 as follows:
  - i. \$12,000 within 30 days of the date of the option agreement (paid)
  - ii. \$15,000 on or before December 31, 2021 (paid)
  - iii. \$18,000 on or before December 31, 2022 (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). Shares are subject to a 4-month hold period from the date of the public listing on a Canadian Stock Exchange.
- c) Make aggregate share payments totaling \$192,000 calculated at the 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 Closing Date (the date Company went public – executed and 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 to the benefit of Keystone Associates Inc. existed on the property prior to this agreement and is additional to the 0.5% NSR required as part of Element79's option to purchase.

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

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.

## **PROPOSED TRANSACTION**

### **Snowbird Property**

On August 25, 2021, Element79 Gold announced that it has signed a binding Letter of Intent (the "LOI") to acquire 100% of the issued and outstanding shares in Plutus Gold, which has satisfied all obligations to exercise its option agreement with Gilennes Exploration Ltd. to acquire a 100% interest in the Snowbird High-Grade Gold Project.

Element79 Gold intends to acquire 100% interest in Plutus Gold for a \$200,000 cash payment, and 8,000,000 common shares of Element79 Gold.

The Snowbird High-Grade Gold Project consists of 2,726 hectares across ten mineral claims located in Central British Columbia approximately 20 kilometers west of Fort St. James. The claims sit at low elevation with access via dirt roads that allows them to be drilled year-round.

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

*3,000m Fall Drill Program*

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

**SELECTED FINANCIAL INFORMATION**

**Selected Financial Information**

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for Element79 Gold Corp. The information set forth below should be read in conjunction with the condensed consolidated interim financial statements, prepared in accordance with IAS 34 under IFRS, and related notes.

	Quarter ended May 31, 2023	Quarter ended February 28, 2023	Quarter ended November 30, 2022	Quarter ended August 31, 2022
	\$	\$	\$	\$
Total revenues	-	-	-	-
Operating expenses	1,769,156	444,085	1,804,183	1,428,128
Net loss	(3,293,407)	(1,517,498)	(1,340,647)	(1,427,972)
Net loss per share – Basic & fully diluted	(0.03)	(0.02)	(0.01)	(0.03)
Total assets	24,197,020	23,421,466	27,631,909	26,952,976

	Quarter ended May 31, 2022	Quarter ended February 28, 2022	Quarter ended November 30, 2021	Quarter ended August 31, 2021
	\$	\$	\$	\$
Total revenues	-	-	-	-
Operating expenses	2,055,344	624,158	820,266	(67,248)
Net loss	(2,058,877)	(631,991)	(820,266)	67,248
Net loss per share – Basic & fully diluted	(0.04)	(0.01)	(0.02)	0.00
Total assets	12,306,172	13,063,933	3,656,597	1,014,540

## RESULTS OF OPERATIONS

For the nine months ended May 31, 2023 and 2022

	May 31, 2023	May 31, 2022	Change
	\$	\$	\$
<b>Expenses</b>			
Consulting fees	1,734,581	277,365	1,457,216
Exploration cost	42,254	1,413,606	(1,371,352)
Financing fee	467,677	-	467,677
Insurance	39,039	28,500	10,539
Investor relations and marketing	1,177,991	303,693	874,298
Listing and filing fees	42,189	39,057	3,132
Management and director fees	430,000	251,775	178,225
Office expenses	33,294	82,459	(49,165)
Professional fees	239,107	303,204	(64,097)
Share-based compensation	-	551,020	(551,020)
<b>Net loss before other items</b>	<b>(4,206,132)</b>	<b>(3,250,679)</b>	<b>(955,453)</b>
<b>Other Items</b>			
Gain/(loss) on settlement of debt	900,304	(9,366)	909,670
Foreign exchange loss	(143,793)	-	(143,793)
Other income	4,585	-	4,585
Accretion expense	(507,544)	-	(507,544)
Change in FV of claims available for sale	(1,108,385)	-	(1,108,385)
Gain/loss on discontinued operations	(1,041,120)	-	(1,041,120)
<b>Net loss for the period</b>	<b>(6,102,085)</b>	<b>(3,260,045)</b>	<b>(2,842,040)</b>
<b>Other comprehensive loss</b>			
Foreign currency translation	(47,831)	-	(47,831)
<b>Comprehensive loss for the period</b>	<b>(6,149,916)</b>	<b>(3,260,045)</b>	<b>(2,889,871)</b>

Net loss for the nine months ended May 31, 2023 was \$6,102,085 and comprehensive loss was \$6,149,916 as compared to net and comprehensive loss of \$3,260,045 for the nine months ended May 31, 2022. The increased loss and costs in all categories relate to the growth and expansion of the Company's operations. More specifically:

- Consulting fees increased by \$1,457,216 from \$277,365 in the nine months ended May 31, 2022 to \$1,734,581 in the current period. The increase is due to consultants being hired for the Company's Peruvian operations that were acquired after May 31, 2022.
- Financing fee increased by \$467,677 from \$nil during the nine months ended May 31, 2022 to \$467,677 for the current period. Financing fees in the current period relate mainly to promissory notes that the Company received, as cash requirements grew and financing in the equity markets became less readily available due to market downturn since the beginning of 2022.
- Investor relations and marketing increased by \$874,298 from \$303,693 during the nine months ended May 31, 2022 to \$1,177,991 for the current period. The increase in investor relations and marketing expenses is due to the Company having to increase its marketing efforts in a slow market to increase equity funding.

- Management and director fees increased by \$178,225 from \$251,775 during the nine months ended May 31, 2022 to \$430,000 during the current period. The increase is mainly due to the addition of new directors and members to the management team to further build the Company.
- Exploration costs decreased by \$1,371,352, from \$1,413,606 for the nine months ended May 31, 2022, to \$42,254 during the nine months ended May 31, 2023. The decrease is due to reduced exploration activity being undertaken on projects that the Company does not legally own.
- Share-based compensation decreased significantly by \$551,020 from \$551,020 during the nine months ended May 31, 2022 to \$nil during the current period due to no stock options being issued in the current period.
- Professional fees decreased by \$64,097 from \$303,204 for the nine months ended May 31, 2022 to \$239,107 for the current period. The decrease is mainly due to a major transaction being contemplated during the period ended on May 31, 2022. The current legal costs relate to maintenance and a smaller transaction being completed.
- Discontinued operations contributed significantly to the current period's net loss with \$1,041,120. Discontinued operations resulted from the termination of the acquisition of Machacala and SFJ. There were no discontinued operations in the same period last year.
- Accretion expense was \$507,544 for the current period compared to \$nil in the period ended May 31, 2022. Accretion expense resulted from the accretion of Provisions relating to the subsequent cash payments the Company has to make as a result of the acquisition of the Peruvian properties. As the Peruvian properties were acquired after the third quarter in 2022, this expense cannot be compared. Additional accretion costs were incurred for the convertible note agreement entered into for the final milestone payment for the Nevada gold portfolio acquisition.
- Other expenses are slightly set off by a gain on settlement of debt of \$909,304 for the nine months ended May 31, 2023 compared to a loss of \$9,366 during the nine months ended May 31, 2022. The gain on settlement of debt is mainly due to the change of share-price from the time the share-price is determined for settling certain debt and the time the shares are issued.
- Change in fair value of claims available for sale was a loss of \$1,108,385 for the nine months ended May 31, 2023, compared to \$nil during the comparable period. The loss is due to the fair value adjustment for certain Nevada claims that the Company is in the process of selling to third parties.

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

	<b>May 31, 2023</b>	May 31, 2022	Change
	\$	\$	\$
<b>Expenses</b>			
Consulting fees	347,445	259,767	87,678
Exploration cost	64	1,413,606	(1,413,542)
Financing fee	256,742	-	256,742
Insurance	15,837	9,420	6,417
Investor relations and marketing	905,812	97,601	808,211
Listing and filing fees	27,712	8,349	19,363
Management and director fees	268,000	94,000	174,000
Office expenses	(188,691)	40,845	(229,536)
Professional fees	136,235	117,201	19,034
Share-based compensation	-	14,555	(14,555)
<b>Net loss before other items</b>	<b>(1,769,156)</b>	<b>(2,055,344)</b>	<b>286,188</b>
<b>Other Items</b>			
Gain/(loss) on settlement of debt	(131,286)	(3,533)	(127,753)
Foreign exchange loss	(143,793)	-	(143,793)
Other income	65	-	65
Accretion expense	(144,791)	-	(144,791)
Change in fair value of claims for sales	(1,108,385)	-	(1,108,385)
Loss on discontinued operations	3,939	-	3,939
<b>Net loss for the period</b>	<b>(3,293,407)</b>	<b>(2,058,877)</b>	<b>657,890</b>
<b>Other comprehensive loss</b>			
Foreign currency translation	(20,313)	-	(20,313)
<b>Comprehensive loss for the period</b>	<b>(3,313,720)</b>	<b>(2,058,877)</b>	<b>685,408</b>

Net loss for the three months ended May 31, 2023 was \$3,293,407 and comprehensive loss was \$3,313,720 as compared to net and comprehensive loss of \$2,058,877 for the three months ended May 31, 2022. The increased loss and costs relate to the growth and expansion of the Company's operations. The net loss before other items decreased by \$286,188 to \$1,769,156 for the three months ended May 31, 2023, from \$2,055,344 for the same quarter last year.

- Consulting fees increased by \$87,678 from \$259,767 in the three months ended May 31, 2022 to \$347,445 in the current quarter. The increase is due to consultants being hired for the Company's Peruvian operations that were acquired after May 31, 2022.
- Investor relations and marketing increased by \$808,211 from \$97,601 during the three months ended May 31, 2022 to \$905,812 for the current period. The increase in investor relations and marketing expenses is due to the Company having to increase its marketing efforts in a slow market to increase equity funding.
- Management and director fees increased by \$174,000 from \$94,000 during the three months ended May 31, 2022 to \$268,000 during the current period. The increase is mainly due to the addition of new directors and members to the management team to further build the Company.
- Share-based compensation decreased, because there were no stock options granted in the current period.
- Exploration costs decreased by \$1,413,542, from \$1,413,606 for the three months ended May 31, 2022, to \$64 during the three months ended May 31, 2023. The decrease is due to reduced exploration activity being undertaken on projects that the Company does not legally own.

- Office expenses decreased by \$229,536 from \$40,845 during the three months ended May 31, 2022, to a recovery \$188,691 during the current quarter. The decrease is due to in part to the reclassification of some office expenses to foreign exchange loss and in part due to a timing difference in their recording.
- Accretion expense was \$143,793 for the current quarter compared to \$nil in the quarter ended May 31, 2022. Accretion expense resulted from the accretion of Provisions relating to the Peruvian acquisitions. As the Peruvian properties were acquired after the third quarter in 2022, this expense cannot be compared. Additional accretion costs were incurred for the convertible note agreement entered into for the final milestone payment for the Nevada gold portfolio acquisition.
- Change in fair value of claims available for sale was a loss of \$1,108,385 for the three months ended May 31, 2023, compared to \$nil during the same quarter last year. The loss is due to the fair value adjustment for certain Nevada claims that the Company is in the process of selling to third parties.
- The Company also experienced a loss on settlement of debt of \$131,286 for the three months ended May 31, 2023 compared to \$3,533 during the three months ended May 31, 2022. The loss on settlement of debt is mainly due to the change of share-price from the time the share-price is determined for settling certain debt and the time the shares are issued.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at May 31, 2023 the Company had \$212,165 (August 31, 2022 - \$5,021) in cash and working capital deficiency of \$5,035,405 (August 31, 2022 - \$4,386,773).

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to mineral exploration properties. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties.

The Company can draw down funds from the Facility from time to time during the three-year term at the Company's discretion by providing a notice ("Drawdown Notice") to the investor Crescita Capital LLC ("Investor"), and in return for each Drawdown Notice, the Company will allot and issue fully paid shares to the Investor in form of a "Private Placement". There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.



## RELATED PARTY TRANSACTIONS

### Key management personnel compensation

The Company's key management personnel consists of the following directors:

- Neil Pettigrew
- Antonios Maragakis (since April 29, 2022)
- Shane Williams (since June 22, 2022)
- Zara Kanji (since April 13, 2023)
- James Tworek (since July 12, 2023)
- Konstantin Lichtenwald (resigned December 2, 2022)
- Julie Hajduk (resigned June 22, 2022)

And management:

- James Tworek – Chief Executive Officer
- Antonios Maragakis – Chief Operating Officer
- Heidi Gutte – Chief Financial Officer
- Kim Kirkland – VP Global Exploration

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

Name and position		<b>Nine months ended May 31, 2023</b>	Nine months ended May 31, 2022
		\$	\$
Company controlled by Konstantin Lichtenwald	Director fees	<b>8,000</b>	18,000
Company controlled by Julie Hajduk	Director fees	-	18,000
Neil Pettigrew	Director fees	<b>18,000</b>	18,000
Antonios Maragakis	Director fees	<b>18,000</b>	2,000
Shane Williams	Director fees	<b>18,000</b>	-
Zara Kanji	Director fees	<b>4,000</b>	-
Company controlled by James Tworek	Management fees	<b>114,000</b>	90,000
Antonios Maragakis	Management fees	<b>90,000</b>	70,000
Company controlled by Heidi Gutte	Management fees	<b>10,000</b>	-
Company controlled by Kim Kirkland	Management fees	<b>150,000</b>	-
Company controlled by Konstantin Lichtenwald	Consulting fees	<b>62,500</b>	45,000
Company controlled by Shane Williams	Consulting fees	<b>100,000</b>	-
Company controlled by Neil Pettigrew	Consulting fees	<b>4,500</b>	-
Company controlled by Julie Hajduk	Investor relations fee	-	53,786
Stock options granted to Antonios Maragakis and Shane Williams	Share-based compensation	-	388,553
Total		<b>597,000</b>	<b>703,339</b>

### Amounts due to key management personnel

The following table shows amounts accrued and payable to directors and other members of key management as at May 31, 2023 and August 31, 2022.

Name and position	May 31, 2023	August 31, 2022
	\$	\$
Neil Pettigrew (director fees)	14,000	26,000
Antonios Maragakis (management and director fees)	136,000	28,000
Shane Williams (director fees)	22,000	4,000
Zara Kanji (director fees)	4,000	-
James Tworek (management fees and out-of-pocket expenses)	25,015	69,973
Heidi Gutte (out-of-pocket expenses)	540	19,031
Kim Kirkland (management fees)	141,264	-
Company controlled by Konstantin Lichtenwald (consulting fees)	14,250	-
Company controlled by Shane Williams (consulting fees)	105,000	-
Total	462,069	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.

### OFF-BALANCE SHEET ARRANGEMENTS

As at May 31, 2023, and to the date of this report, the Company has no off-balance sheet arrangements.

### OUTSTANDING SHARE DATA

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

As at the date of this MD&A, the Company had 125,749,830 common shares issued and outstanding.

As at May 31, 2023 and the date of this MD&A, the Company had 32,052,135 share purchase warrants outstanding.

As at May 31, 2023, the Company had 2,350,000 stock options outstanding. At the date of this MD&A, the Company had 5,225,000 stock options outstanding.

### CONTROLS AND PROCEDURES

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

Based on this assessment, it was determined that certain weaknesses may exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where potential weaknesses existed. The existence of these potential weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the

Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

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

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

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

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

## **RISK FACTORS**

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

### **Current Global Financial Condition**

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

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

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

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

## **Commodity Prices**

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

## **Environmental**

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

## **Reliance upon Key Personnel**

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

## **Insurance**

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

## **Requirements to Obtain Government Permits**

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

## **Joint Ventures**

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

## **Exploration Risks**

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

## **Mineral Property Title Risk**

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

## **Potential for Conflicts of Interest**

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

## **COMMITMENTS AND CONTINGENCIES**

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