Element79 Gold Corp.

Consolidated Financial Statements
For the Years Ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

S H I M

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Element79 Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Element79 Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at August 31, 2023 and 2022 and its consolidated financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our audit report.

<u>Assessment of impairment indications of exploration and evaluation assets</u>

At August 31, 2023, the carrying value of exploration and evaluation assets was $13,357,020. The exploration and evaluation assets are tested for impairment at the end of each reporting period if, in management's judgement, there is an indicator of impairment. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing.

We considered this a key audit matter due to (i) the significance of the exploration and evaluation assets balance and (ii) the significant judgment by management, in assessing any indicator of impairment, which led to significant audit effort and subjectivity in performing audit procedures to test management's assessment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluated the intent through discussion and communication with management, and corroborating with the Company's recent activities.

- Evaluated the reasonableness of management's assessment of indicators of impairment, which included the following:

  - Assessing compliance with agreements and expenditure requirements including reviewing option agreements and vouching cash payments and share issuances.

  - Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

  - Assessing the completeness of external or internal factors that could be considered as indicators of impairment of the Company's exploration and evaluation assets, by considering evidence obtained in other areas of the audit.

<u>Valuation of unlisted investment</u>

The valuation of the Company's unlisted investment requires significant judgment and estimates by management and is therefore considered a key audit matter due to the subjective nature of certain assumptions inherent in each valuation. Unreasonable basis used in the valuation judgments could result in a material difference in the value presented.

We responded to this matter by performing audit procedures in relation to the valuation of the Company's unlisted investment and the accuracy of the net change in unrealized gain/loss on investment. These procedures include, among others:

- Inquired about any financial data of investee company.
- Inquired of recent financing raised by the investee during the year.
- Inquired management's intention and knowledge about the investee.
- Assessed the appropriateness of the disclosures relating to the assumptions used in the valuation of the investment in the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

"SHIM & Associates LLP"

Chartered Professional Accountants
Vancouver, Canada
February 16, 2024

Element79 Gold Corp.
Consolidated Statements of Financial Position
As at August 31, 2023 and 2022
(Expressed in Canadian dollars)

	Notes	As at August 31, 2023	August 31, 2022
ASSETS		**$**	$
Current assets			
Cash		**8,890**	5,021
Amounts receivable		**11,446**	96,633
Prepaid expenses		**98,500**	19,101
Reclamation deposit	4	**11,764**	-
Assets held for sale	6	**3,135,532**	-
Total current assets		**3,266,132**	120,755
Exploration and evaluation assets	4	**13,357,020**	26,091,770
Investment	5	**2,041,634**	-
Deferred financing charges	7	**423,538**	740,451
TOTAL ASSETS		**19,088,324**	26,952,976
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10,12	**2,595,562**	1,334,656
Loans payable	8	**3,129,060**	2,518,082
Provisions – current	11	**652,249**	654,790
Total current liabilities		**6,376,871**	4,507,528
Convertible debenture	9	**1,657,532**	-
Provisions – long-term	11	**2,557,204**	5,422,580
TOTAL LIABILITIES		**10,591,607**	9,930,108
EQUITY			
Share capital	13	**24,013,946**	19,836,469
Treasury stock to be cancelled	13	**(114,978)**	-
Share subscriptions received in advance	7,13	**965,500**	1,670,000
Contributed surplus	13	**897,351**	908,007
Equity component of convertible debenture	9	**433,707**	-
Accumulated other comprehensive income		**117,249**	204,910
Deficit		**(17,816,058)**	(5,596,518)
TOTAL EQUITY		**8,496,717**	17,022,868
TOTAL EQUITY AND LIABILITIES		**19,088,324**	26,952,976

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 18)
Subsequent events (Note 21)

APPROVED BY THE BOARD:

"Zara Kanji"
Zara Kanji

"Antonios Maragakis"
Antonios Maragakis

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

Element79 Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss
For The Years Ended August 31, 2023 and 2022
(Expressed in Canadian dollars)

		August 31, 2023	August 31, 2022
		$	$
Expenses			
Advisory fees	12	**246,796**	-
Consulting fees	12	**1,750,880**	709,031
Director fees	12	**87,000**	68,000
Exploration costs	18	**71,207**	1,525,260
Investor relations and marketing		**1,284,077**	549,357
Management fees	12	**160,694**	317,877
Office expenses		**110,340**	509,621
Professional fees		**354,369**	634,007
Share-based compensation	12,13	**63,462**	551,020
Transfer agent and filing fees		**59,069**	89,510
Net loss before other items		**(4,187,894)**	(4,953,683)
Other items			
Accretion expense	9,11	**(644,508)**	(83,380)
Impairment of exploration and evaluation assets	4	**(7,570,927)**	-
Interest expense	8	**(180,302)**	(18,082)
Foreign exchange gain (loss)		**(39,289)**	8,310
Gain on settlement of debts	13	**329,262**	89,775
Net loss for the year		**(12,293,658)**	(4,957,060)
Other comprehensive loss			
Foreign currency translation		**(87,661)**	204,910
Comprehensive loss for the year		**(12,381,319)**	(4,752,150)
Loss per share			
Basic and diluted		**(1.25)**	(0.88)
Weighted average number of common shares issued and outstanding		**9,868,175**	5,384,831

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

Element79 Gold Corp.
Consolidated Statements of Cash Flows
For The Years Ended August 31, 2023 and 2022
(Expressed in Canadian dollars)

	August 31, 2023	August 31, 2022
	$	$
OPERATING ACTIVITIES		
Net loss for the year	**(12,293,658)**	(4,957,060)
Non-cash items		
Interest expense	**177,786**	18,082
Gain on settlement of debts	**(329,262)**	(89,775)
Accretion expense	**644,508**	83,380
Share-based compensation	**63,462**	551,020
Foreign exchange loss	**103,978**	-
Impairment of exploration and evaluation assets	**7,570,927**	-
Changes in operating working capital:		
Prepaid expenses	**(79,399)**	224,921
Amounts receivable	**76,642**	(27,111)
Reclamation deposit	**(11,764)**	-
Trade payables and accrued liabilities	**3,368,208**	1,218,989
Cash used in operating activities	**(708,572)**	(2,977,554)
INVESTING ACTIVITIES		
Acquisition of Goldco	**-**	(300,000)
Acquisition of Calipuy	**-**	24,946
Exploration and evaluation expenditures	**(630,998)**	(2,478,441)
Repayment on provisions	**(403,400)**	-
Cash used in investing activities	**(1,034,398)**	(2,753,495)
FINANCING ACTIVITIES		
Issuance of common shares	-	1,000,000
Share subscriptions received in advance	**1,934,500**	1,670,000
Promissory notes and loans received	**50,000**	2,500,000
Repayment of promissory notes and loans	**(150,000)**	-
Cash provided from financing activities	**1,834,500**	5,170,000
Effect of foreign exchange translation	**(87,661)**	263,836
Change in cash	**3,869**	(297,213)
Cash, beginning of the year	**5,021**	302,234
Cash, end of the year	**8,890**	5,021

Supplemental cash flow information (Note 14)

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

Element79 Gold Corp.
Consolidated Statements of Changes in Equity
For The Years Ended August 31, 2023 and 2022
(Expressed in Canadian dollars)

	Number of common shares	Share capital	Treasury stock to be cancelled	Share subscriptions received in advance	Contributed surplus	Equity component of convertible debenture	Foreign currency translation reserve	Deficit	Total
		$	$	$	$	$	$	$	$
Balances, August 31, 2021	4,385,132	884,356	-	-	356,987	-	-	(639,458)	**601,885**
Shares issued for exploration and evaluation assets	512,603	5,533,392	-	-	-	-	-	-	**5,533,392**
Shares issued for Goldco acquisition	1,916,548	8,911,950	-	-	-	-	-	-	**8,911,950**
Shares issued for Goldco acquisition	252,500	2,802,750	-	-	-	-	-	-	**2,802,750**
Shares issued for financing fees	53,333	464,000	-	-	-	-	-	-	**464,000**
Shares issued for settlement of debts	68,675	322,294	-	-	-	-	-	-	**322,294**
Shares subscribed	-	-	-	5,170,000	-	-	-	-	**5,170,000**
Shares issued against equity drawdown facility	156,495	1,000,000	-	(1,000,000)	-	-	-	-	-
Reclassification of share subscriptions to loans payable	-	-	-	(2,500,000)	-	-	-	-	**(2,500,000)**
Share issuance costs	-	(82,273)	-	-	-	-	-	-	**(82,273)**
Share-based compensation	-	-	-	-	551,020	-	-	-	**551,020**
Foreign currency translation reserve	-	-	-	-	-	-	204,910	-	**204,910**
Net loss for the year	-	-	-	-	-	-	-	(4,957,060)	**(4,957,060)**
Balances, August 31, 2022	**7,345,286**	**19,836,469**	**-**	**1,670,000**	**908,007**	**-**	**204,910**	**(5,596,518)**	17,022,868
Shares issued against equity drawdown facility	3,270,000	2,639,000	-	(704,500)	-	-	-	-	**1,934,500**
Shares issued for settlement of debts	2,125,517	1,782,390	-	-	-	-	-	-	**1,782,390**
Shares issued for exploration and evaluation assets	46,680	73,000	-	-	-	-	-	-	**73,000**
Share issuance costs	-	(316,913)	-	-	-	-	-	-	**(316,913)**
Stock options expired/forfeited	-	-	-	-	(74,118)	-	-	74,118	-
Treasury stock to be cancelled	-	-	(114,978)	-	-	-	-	-	**(114,978)**
Convertible debenture	-	-	-	-	-	433,707	-	-	**433,707**
Share-based compensation	-	-	-	-	63,462	-	-	-	**63,462**
Foreign currency translation reserve	-	-	-	-	-	-	(87,661)	-	**(87,661)**
Net loss for the year	-	-	-	-	-	-	-	(12,293,658)	**(12,293,658)**
Balances, August 31, 2023	**12,787,483**	**24,013,946**	**(114,978)**	**965,500**	**897,351**	**433,707**	**117,249**	**(17,816,058)**	**8,496,717**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Element79 Gold Corp. ("Element79" or the "Company") was incorporated under the Company Act (British Columbia) on February 27, 2020. Element79 is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company is listed on the Canadian Stock Exchange ("the Exchange") with the trading symbol ELEM, on the OTC with a trading symbol ELMGF 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.

Going concern

These audited consolidated financial statements (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 August 31, 2023, the Company had cash of $8,890 (2022 - $5,021), current liabilities of $6,376,871 (2022 - $4,507,528) and has incurred accumulated losses of $17,816,058 (2022 - $5,596,518) 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 functional currency of the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency of the Company's Peruvian subsidiaries is the Peruvian new sol, which is determined to be the currency of the primary economic environment in which the subsidiaries operate.

The Financial Statements were approved and authorized for issue by the directors of the Company on February 16, 2024.

Statement of Compliance and Presentation

These Financial Statements, including comparatives, have been prepared in accordance with accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Consolidation

These Financial Statements include the accounts of the Company, and its subsidiaries of which it has control. All significant intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, have been eliminated. The Company's subsidiaries are as follows:

Subsidiary	Ownership Interest (2023)	Ownership Interest (2022)	Jurisdiction	Nature of Operations
Calipuy Resources Inc. ("Calipuy")	**100%**	100%	BC, Canada	Holding company
Calipuy Holdings Inc.	**100%**	100%	BC, Canada	Holding company
1316524 B.C. Ltd	**100%**	100%	BC, Canada	Inactive
Synergy Metals Inc. ("Synergy")	**100%**	-	BC, Canada	Start-up
ELEM US Holdings LLC	**100%**	100%	NV, USA	Holding company
ELEM Maverick Springs LLC	**100%**	100%	NV, USA	Holding company
ELEM Battle Mountain LLC	**100%**	100%	NV, USA	Holding company
Compania Minera Calipuy S.A.C.	**100%**	100%	Peru	Holding company
Minas Lucero Del Sur S.A.C.	**100%**	100%	Peru	Mining and exploration
Minera Machacala S.A.C.	-	100%	Peru	Mining and exploration
Compania Minera SFJ S.A.C.	-	100%	Peru	Mining and exploration

On June 28, 2022, the Company acquired all of the issued and outstanding common shares of Calipuy, which, through its subsidiaries, holds a 100-per-cent interest the Lucero mine, Machacala mine project and Urumalqui project.

Effective on February 18, 2023, the Company terminated its acquisition of interest in the Machacala mine project and Urumalqui project to mutual satisfaction with the counterparties. Pursuant to the termination of these agreements, the Company will return 121,030 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 to their former owners.

<u>Control</u>

The Company controls an investee if and only if the Company has:

- Power over an investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support the presumption and when the Company has less than a majority of the voting rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- the contractual arrangements with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Company's voting rights and potential voting rights

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2. BASIS OF PREPARATION (continued)

Consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-Company asset, liabilities, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimates or assumptions are made. Actual results may differ from these estimates.

The information about significant areas of estimates considered by management in preparing the consolidated financial statements is as follows:

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the year for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available.

Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next year.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates (continued)

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the year that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

Decommissioning and restoration costs

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future years, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future years.

Business combination versus asset acquisition

Judgement is required to determine whether a transaction should be accounted for as a business combination or an asset acquisition. In identifying a transaction as an asset acquisition, management considers whether an acquiree satisfies the definition of a business according to IFRS 3 Business Combinations. Management uses several criteria in its assessments of defining a business including an input and a substantive process that together significantly contribute to the ability to provide goods or services to customers, generate investment income or other income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgements and Estimates (continued)

Convertible debt conversion option

The identification of convertible debt components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent measurement of interest on the liability component. The determination of fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates, and the presence of any derivative financial instruments. Additionally, significant judgment is required when accounting for the redemption, conversion or modification of these instruments.

Stock options and warrants

Determining the fair value of warrants and stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

The information about significant areas of judgment considered by management in preparing the Financial Statements is as follows:

i. the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management;
ii. assessing control and significant influence over an investee;
iii. the determination of functional currency; and
iv. the Company's assessment of its ability to continue as a going concern requires judgments about the Company's ability to execute its strategy by funding future working capital requirements (Note 1). The Company's objectives are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

Fair value of investments in securities not quoted in an active market

Where the fair values of financial instruments cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Changes in estimates and assumptions about these inputs could affect the reported fair value.

Exploration and evaluation properties

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs, provided that the Company has the intention of exercising the underlying option, and may consist of cash payments and/or share issuances at the market price of the Company's shares at the date of issuance.

Property option agreements are exercisable at the option of the optionee. Therefore, option payments are recorded when payment is made and not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits and grants received are recorded as a reduction to the cumulative costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation properties (continued)

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset, and amortized over the life of the mine.

Foreign currencies

Transactions in currencies other than the functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Foreign operations

Subsidiaries that have functional currencies other than the Canadian dollar translate their statement of operations items at the average rate during the year. Assets and liabilities are translated at exchange rates prevailing at the end of each reporting period. Exchange rate variations resulting from the retranslation at the closing rate of the net investment in these subsidiaries, together with differences between their statement of operations items translated at actual and average rates, are recognized in accumulated other comprehensive income (loss). On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange difference is recognized in the statement of operations.

Impairment of long-lived assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the year when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

At initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

Financial Assets at Amortized Cost

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTOCI

The financial asset is subsequently measured at FVTOCI if the financial asset is held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value with gains or losses recognized within other comprehensive income. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash is included in this category of financial assets.

Derivatives designed as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities). Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

Financial liabilities at FVTPL

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designed as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

Convertible debentures

Convertible debentures are compound financial instruments that are recorded in part as a liability and in part as shareholders' equity. The Company uses the "residual valuation" method to determine the debt and equity components of the convertible debentures. Under the residual valuation method, the liability component is determined by estimating the present value of the future cash payments discounted at a rate of interest which the Company would be charged by the market for similar debt without the conversion option. The difference between the net proceeds of the debenture and the liability component is recorded as a separate component of shareholders' equity. Debentures payable is accreted to its face value at maturity over the term of the debt through a charge to operations.

De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the year incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based compensation

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid. When options are forfeited or are not exercised at the expiry date, the amount previously recognized in share-based payments is transferred to accumulated losses (deficit).

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or IFRIC that are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded.

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties include the following amounts:

	Dale Property	Nevada Portfolio	Peruvian Properties	Total
ACQUSITION COSTS	**$**	**$**	**$**	**$**
Balance, August 31, 2021	17,600	-	-	17,600
Acquisition costs	45,000	10,738,805	14,887,437	25,671,242
Total Acquisition Costs at August 31, 2022	**62,600**	**10,738,805**	**14,887,437**	**25,688,842**
Shares issued	33,000	-	40,000	73,000
Subsequent acquisition payment	-	2,000,000	-	2,000,000
Assets held for sale	(95,600)	(2,459,369)	-	(2,554,969)
Disposal	-	(1,929,019)	-	(1,929,019)
Termination	-	-	(3,230,972)	(3,230,972)
Impairment	-	(6,936,149)	(229,850)	(7,165,999)
Total Acquisition Costs at August 31, 2023	**-**	**1,414,268**	**11,466,615**	**12,880,883**
EXPLORATION AND EVALUATION COSTS				
Balance, August 31, 2021	72,150	-	-	72,150
Claims maintenance fee	975	1,418	7,425	9,818
Exploration program	95,601	213,538	-	309,139
Field expenses	8,269	2,725	827	11,821
Total Exploration Costs at August 31, 2022	**176,995**	**217,681**	**8,252**	**402,928**
Assaying and sampling	365	2,555	92	3,012
Claims maintenance fee	-	638,704	-	638,704
Exploration program	33,075	4,023	324,055	361,153
Field expenses	-	13,721	-	13,721
Environmental	-	744	-	744
Geological reports	21,765	-	-	21,765
Royalties	-	136,000	-	136,000
Assets held for sale	(232,200)	(348,363)	-	(580,563)
Disposal	-	(112,615)	-	(112,615)
Termination	-	-	(3,784)	(3,784)
Impairment	-	(404,928)	-	(404,928)
Total Exploration Costs at August 31, 2023	**-**	**147,522**	**328,615**	**476,137**
Balance at August 31, 2023	**-**	**1,561,790**	**11,795,230**	**13,357,020**

4. EXPLORATION AND EVALUATION ASSETS (continued)

Dale Property

The Company entered into a property option agreement, as amended, 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 property option agreement, as amended, in order to exercise the option, the Company must complete the following requirements:

a) Make aggregate cash payments of $126,000 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) $48,000 on or before December 31, 2023 ($42,000 paid subsequent to year-end)
   (iv) $51,000 on or before December 31, 2024

b) Issue a total of 20,000 common shares of the Company at a deemed price of $0.50 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 3,030 common shares)
   (ii) $33,000 on or before December 31, 2022 (issued 21,680 common shares)
   (iii) $36,000 on or before December 31, 2023 (outstanding)
   (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 8,000 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.

On July 17, 2023, the Company transferred of all rights and data related to the Dale Property to its newly-created, wholly owned subsidiary, Synergy. The Company intends to spin out and sell Synergy through a Plan of Arrangement. As a result, Dale property with a cost of $327,800 was reclassified from exploration and evaluation assets to assets available for sale as at August 31, 2023.

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 (Notes 13 and 19). Goldco, 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, 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 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.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada 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 509,573 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 $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 year ended August 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 $2,000,000 milestone payment due will be converted into a two-year, zero-coupon debt facility with a conversion option at a price of $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 (Note 9).
(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 within 2 years from the closing date.
(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.

On August 28, 2023, Element79 entered into an option agreement with Green Power Minerals Pty Ltd. ("Green Power") pursuant to which the Company has granted Green Power an option to purchase Maverick Springs (the "Maverick Springs Transaction"). Green Power is an Australian private company focused on the development of precious metals projects.

Green Power must, subject to certain conditions precedent, pay a total option fee equal to Cdn$66,000 (paid) for an option to acquire the Maverick Springs until September 30, 2023. Green Power may extend such option by mutual agreement between parties by making an additional payment of US$100,000. Subsequent to the year ended August 31, 2023, the Maverick Springs Transaction was extended to March 24, 2024 by a payment of US$100,000 from Green Power to the Company. On January 12, 2024, both parties agreed to extend to July 10, 2024 by making a further option extension fee of $75,000 (paid subsequent to year-end) (Note 21).

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Portfolio (continued)

Should Green Power choose to exercise the option within the extended option period they will at completion:

a) Issue to the Company (or its nominee), $1,500,000 worth of fully paid ordinary shares; and
b) Pay to the Company a total of $4,000,000 in cash.

As at August 31, 2023, the Maverick Springs project with a cost of $1,511,448 was reclassified from exploration and evaluation assets to assets held for sale.

The completion of the Maverick Springs Transaction is subject to a number of conditions precedent that are common in transactions of this nature. The Maverick Springs Transaction is subject the requirements of the Canadian Securities Exchange.

During the year ended August 31, 2023, the Company started discussions with third parties regarding the sale of certain Battle Mountain portfolio projects. As a result, 597 claims with a cost of $3,337,918 were reclassified from exploration and evaluation assets to assets available for sale, of which 371 claims with a cost of $2,041,634 comprising of the Stargo and Long Peak projects were sold during the year as discussed below.

On July 13, 2023, the Company sold two Battle Mountain portfolio projects to Centra Mining (Nevada) LLC, a subsidiary of Centra Mining Ltd. ("Centra"). Under the terms of the Asset Purchase Agreement (“APA”), Centra purchased 371 claims comprising of the Stargo and Long Peak projects in the Battle Mountain Portfolio in exchange for 2,500,000 common shares of Centra at a deemed price of $0.40 per share (Note 5).

During the year ended August 31, 2023, the Company determined not to pursue further exploration work on several properties within the Battle Mountain Portfolio; therefore, $7,341,077 of exploration and evaluation assets were written off.

Peruvian Properties

Lucero mine project

On December 21, 2020 (the “MLDS Closing Date”), the Company’s subsidiary 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, as amended, the Company is obligated to make a total cash payment of US$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 - $97,688)*;
(iii) On or before January 31, 2023 US$100,000 (paid – Cdn$133,500)*;
(iv) On or before March 31, 2023 US$200,000 (paid – Cdn$269,900)*;
(v) On or before December 21, 2023 US$500,000*; and
(vi) On or before December 21, 2024 US$1,000,000*.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Lucero mine project (continued)

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 fair value of the MLDS Subsequent Cash Payment was calculated as US$2,362,861 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 August 31, 2023, the book value of MLDS Subsequent Cash Payment has been accreted to $3,209,453 (2022 - $6,077,370) (Note 11).

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 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 25,000 common shares valued at $40,000 to Condor on December 21, 2022. All other terms of the sale of MLDS remain unchanged.

On December 19, 2023, the Company and Condor have agreed to reschedule the US$500,000 payment due on or before December 31, 2023, into two tranches. Twenty five percent of the payment (US$125,000) will be satisfied now by the issuance of common shares of Element79. The balance of US$375,000 is due on or before March 31, 2023. As consideration for the rescheduled payments, Element79 will issue a bonus of US$12,500 to Condor, payable in Element79 shares (issued on February 2, 2024). All other terms of the sale of Minas Lucero del Sur S.A.C. remain unchanged (Note 21).

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Machacala mine project

On November 15, 2021 (the "Machacala Closing Date"), the Company 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 fair value of the Machacala Subsequent Payment was calculated as $2,750,706 and recorded the provision at the Machacala Closing Date (Note 11), which will be accreted to the face value during the term of the Machacala Subsequent Payment.

The Machacala Agreement is subject to 1.5% net smelter return royalty interest ("NSR") in all minerals processed and sold from Machacala project.

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

Urumalqui project

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

Pursuant to the SFJ Agreement, the Company is obligated to make 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 fair value of the SFJ Subsequent Payment was calculated as $144,774 and recorded the provision at the SFJ Closing Date (Note 11), which will be accreted to the face value during the term of the SFJ Subsequent Payment.

The SFJ Agreement is subject to 1.5% NSR in all minerals processed and sold from the Urumalqui project.

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.

The Urumalqui project was terminated during the year ended August 31, 2023 as discussed below.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

Termination of Machacala mine project and Urumalqui project

During the year ended August 31, 2023, the Company terminated its the acquisition of interest in the Machacala mine project and Urumalqui project to mutual satisfaction with the counterparties.

Pursuant to the termination of these agreements, the Company will return 121,030 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, to their former owners. Subsequent to the year ended August 31, 2023, the Company returned 87,683 common shares to treasury.

As a result of the termination, the Company reduced the balance on its exploration and evaluation assets by $3,234,756 , after recognizing an impairment loss of $229,850, reduced the balance on the provisions liabilities by $3,107,673 (Note 11), reduced the net liabilities of Minera Machacala S.A.C. and Compania Minera SFJ S.A.C on the termination date, and recognized the treasury stock to be cancelled at its fair value of $114,978 (Note 13).

Reclamation deposit

As at August 31, 2023, the reclamation deposit in the amount of $11,764 is related to Battle Mountain portfolio projects and Maverick Springs project within Nevada Portfolio.

5. INVESTMENT

On July 13, 2023, the Company sold two Battle Mountain portfolio projects to Centra Mining (Nevada) LLC, a subsidiary of Centra Mining Ltd. ("Centra"). Under the terms of the Asset Purchase Agreement (“APA”), Centra purchased 371 unpatented claims comprising of the Stargo and Long Peak projects in the Battle Mountain Portfolio in exchange for 2,500,000 common shares of Centra at a deemed price of $0.40 per share (Note 4).

Upon the closing of APA, the Company held 2,500,000 common shares in Centra, representing 20% stake in the issued and outstanding shares of Centra valued at $2,041,634. Considering that the Company does not have significant influence or control over Centra, the investment in Centra is classified as FVTPL pursuant to IFRS 9.

In accordance with IFRS 9, the Company initially recorded the investment in Centra at cost of $2,041,634, which approximates fair value. As at August 31, 2023, the investment remained at $2,041,634.

6. ASSETS HELD FOR SALE

As discussed in Note 4, Dale property, certain Battle Mountain portfolio projects and Maverick Springs project were classified as assets held for sale totaling $3,135,532 as at August 31, 2023.

7. EQUITY DRAWDOWN FACILITY

On September 14, 2020, the Company entered into a non-revolving Equity Drawdown Facility (the “Facility”) that allows the Company to utilize funding for an aggregate amount of $5,000,000. The Company can draw down funds from the Facility from time to time during the three-year term at the Company’s discretion by providing a notice (“Drawdown Notice”) to the investor Crescita Capital LLC (“Crescita” or “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.

7. EQUITY DRAWDOWN FACILITY (continued)

In connection with the Facility, the Company paid a 3% commission in shares (300,000 common shares valued at $150,000) and issued 339,405 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 $1.00 per share until October 1, 2023. The share purchase warrants have been valued at $208,724 using Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.25%, volatility of 100%, dividend yield of 0.00%, and expected life 3 years.

The value of the financing fees is recorded as a deferred financing charge and is being amortized as share issue costs based on the amount drawn down from the Facility.

On May 5, 2022, the Company received an increased equity drawdown facility commitment from the Investor from $5,000,000 to $10,000,000 (the "Amendment"). Additional financing is being made available pursuant to the Amendment dated May 5, 2022, to the original investment and advisory agreement with the Investor dated September 14, 2020.

In addition to providing for the additional $5,000,000 equity drawdown commitment, the Amendment provides an additional requirement for the Company to make a top up payment to the Investor in the event that the volume weighted average price of the Company's common shares is less than the subscription price paid by the Investor for a particular drawdown in the 30 days following the drawdown and amends the fees payable to the Investor for the second commitment. The Company paid an 8% financing fee to the Investor on the additional commitment satisfied by the issuance of 53,333 common shares of the Company valued at $464,000 (Note 13). 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 year ended August 31, 2023, the Company received $1,934,500 (2022 - $2,670,000) from the Facility, issued 3,270,000 common shares (2022 - 156,495 common shares) (Note 13) and reserved $965,500 (2022 - $1,670,000) value of common shares for future issuance. During the year ended August 31, 2023, a total of $Nil (2022 - $2,500,000) was converted into a Promissory Note (Note 8).

As at August 31, 2023, the carrying amount of the deferred financing charges is $423,538 (2022 - $740,451) and the share subscriptions received in advance total $965,500 (2022 - $1,670,000).

8. LOANS PAYABLE

In relation to the amendment of the equity drawdown facility agreement (Note 7), 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 year ended August 31, 2023, the Company accrued $150,000 (2022 - $18,082) interest with respect to this promissory note. The total balance due, including accrued interest, as at August 31, 2023 was $2,668,082 (2022 – $2,518,082).

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 year ended August 31, 2023, the Company repaid $150,000 of the promissory notes. The balance of the Nevada Promissory Notes as at August 31, 2023, was $408,192 (2022 - $Nil).

On May 10, 2023, the Company borrowed $50,000 from an arm's length party that is due on demand. Interest is payable at a rate of 18% per annum due on demand. As at August 31, 2023, the loan payable amount consists of $50,000 (2022 - $Nil) principal and $2,786 (2022 - $Nil) accrued interest.

(Expressed in Canadian dollars)

9. CONVERTIBLE DEBENTURE

During the year ended August 31, 2023, the Company issued a convertible debenture to Waterton as part of the terms of the updated payment agreement, the final $2,000,000 milestone payment (the "Debenture") (Note 4). The convertible debenture is a two-year, zero-coupon debt facility with convertibility options priced at $0.15 and a 10% default interest rate. Prepayment by the Company is possible with a 60-day advance notice and paid at a 10% premium to the principal amount remaining.

For accounting purposes, the Debenture was separated into its liability and equity components. The Company recorded the initial fair value of the debt component of the convertible debenture at $1,566,293, using a discount rate of 19%, which is management's estimate of the prevailing market rate for a company of similar size and operations. The equity component of $433,707 was determined at the time of issue as the difference between the face value of the Debenture and the fair value of the liability component.

The unamortized discount on the convertible debenture as at August 31, 2023 was $342,468 (2022 - $Nil) and the carrying value of the debenture was $1,657,532 (2022 - $Nil). For the year ended August 31, 2023, the Company recorded an accretion expense of $91,239 (2022 - $Nil).

10. TRADE PAYABLES AND ACCRUED LIABILITIES

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

As at	**August 31, 2023** **$**	August 31, 2022 $
Trade payables	**2,313,191**	1,223,810
Accrued liabilities	**282,371**	110,846
Trade payables and accrued liabilities	**2,595,562**	1,334,656

11. 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 **$**	**Machacala** **$**	**Urumalqui** **$**	**Total** **$**
As at August 31, 2021	-	-	-	-
Additions	3,039,584	2,750,706	144,774	5,935,064
Add: Accretion	39,803	41,398	2,179	83,380
Effect of movements in exchange rates	58,926	-	-	58,926
As at August 31, 2022	**3,138,313**	**2,792,104**	**146,953**	**6,077,370**
Add: Accretion	384,653	160,185	8,431	553,269
Effect of movements in exchange rates	89,887	-	-	89,887
Less: Payment	(403,400)	-	-	(403,400)
Disposal	-	(2,952,289)	(155,384)	(3,107,673)
As at August 31, 2023	**3,209,453**	**-**	**-**	**3,209,453**
Current portion	**652,249**	**-**	**-**	**652,249**
Long-term portion	**2,557,204**	**-**	**-**	**2,557,204**

(Expressed in Canadian dollars)

11. PROVISIONS (continued)

During the year ended August 31, 2023, the Company recognized $553,269 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 Urumalqui project. As a result, the Company wrote off the provisions for the Machacala Subsequent Payment and the SFJ Subsequent Payment.

As of August 31, 2023, the carrying value of the provisions was $3,209,453 (2022 – $6,077,370) of which $652,249 (2022 - $654,790) was classified as a current liability.

12. 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 years ended August 31, 2023 and 2022 as follows:

	August 31, 2023 $	August 31, 2022 $
Advisory fees	**48,750**	-
Consulting fees	**548,818**	52,500
Director and management fees	**259,500**	327,775
Investor relations fee	**-**	76,263
Professional fees	**1,876**	-
Rent	**8,000**	-
Share-based compensation	**61,806**	388,553
Total	**928,750**	845,091

Amounts due to and from key management personnel

As at August 31, 2023, a total amount of $627,898 (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.

	August 31, 2023	August 31, 2022
	$	$
Due to a company controlled by the CEO	128,410	69,973
Due to the spouse of the CEO	5,000	-
Due to a company controlled by the former CFO	17,758	-
Due to a company controlled by the former VP Global Exploration	236,941	-
Due to companies controlled by directors	219,951	61,806
Due to companies controlled by a former director	9,250	15,225
Due to the spouse of a former director	10,588	-
Total	**627,898**	147,004

12. RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

The acquisition of Calipuy 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.

During the year ended August 31, 2023, the Company entered into debt settlement agreements with various former and current related parties to settle and aggregate debt of $256,366 and issued 260,780 common shares valued at $255,569, resulting in a gain on settlement of debt of $797.

13. SHARE CAPITAL

Authorized share capital

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

Subsequent to the year ended August 31, 2023, the Company consolidated the issued share capital on the basis of ten (10) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these Financial Statements have been retroactively restated to reflect the Consolidation.

As at August 31, 2023, the Company had 12,787,483 common shares issued and outstanding.

Share issuance

Share transactions for year ended August 31, 2023

During the year ended August 31, 2023, the Company issued an aggregate of 3,270,000 common shares valued at $2,639,000 to Crescita pursuant to the amended drawdown agreement (Note 7). In connection with the drawdown, deferred financing charge valued at $316,913 being amortized and classified as share issue costs.

During the year ended August 31, 2023, the Company entered into debt settlement agreements with various vendors to settle and aggregate debt of $2,111,652 and issued 2,125,517 common shares valued at $1,782,390, resulting in a gain on settlement of debt of $329,262.

On December 21, 2022, pursuant to the amendment to the MLDS agreement (Note 4), the Company issued 25,000 shares valued at $40,000 to Condor as a consideration in lieu of rescheduling the payments.

On January 6, 2023, the Company issued 21,680 common shares valued at $33,000 to the optionors of the Dale Property as part of the required option payment (Note 4).

Share transactions for year ended August 31, 2022

On June 29, 2022, the Company issued an aggregate of 1,916,548 common shares of the Company with a fair value of $8,911,950 to acquire Calipuy (Note 19).

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 68,675 common shares valued at $322,294 resulting in a gain on settlement of $89,775.

On May 5, 2022, the Company issued 53,333 common shares valued at $464,000 as a consideration for the financing fee to Crescita for the additional $5,000,000 equity drawdown commitment (Note 7).

On January 6, 2022, the Company issued 156,495 common shares at a price of $6.39 per share to Crescita as a consideration against $1,000,000 withdrawn from the Facility (Note 7).

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Share issuance (continued)

On January 6, 2022, pursuant to the option agreement for Dale Property, the Company issued 3,030 common shares at a price of $9.90 per share (Note 4).

On December 17, 2021, the Company issued 252,500 common shares at a price of $11.10 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 19).

On December 23, 2021, the Company issued 509,573 common shares at a price of $10.80 per share in relation to the acquisition of the Maverick Springs project and the Battle Mountain portfolio (Note 4).

Treasury stock to be cancelled

On February 18, 2023, 121,030 common shares were returned to treasury with a fair value of $114,978 as a result of the termination of Machacala mine project and Urumalqui project (Note 4).

Escrow securities

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

As at August 31, 2023, 130,185 common shares and 86,250 share purchase warrants were held in escrow.

Share subscriptions received in advance

During the year ended August 31, 2023, the Company received $1,934,500 from the Facility, issued 3,270,000 common shares valued at $2,639,000 and reserved $965,500 value of common shares for future issuance.

Warrants

No warrant activity was initiated during the year ended August 31, 2023.

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price $
Balance, August 31, 2021	2,821,905	1.00
Issued	383,309	20.00
Balance, August 31, 2022 and 2023	**3,205,214**	**3.35**

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Warrants (continued)

As at August 31, 2023, the following warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
1,482,500	1.00	September 2, 2023[2]	0.01
339,405	1.00	October 1, 2023[1][2]	0.08
1,000,000	1.00	March 6, 2025	1.52
383,309[1]	20.00	See below	3.83
3,205,214			**0.94**

(1) Performance bonus warrants
(2) Expired subsequent to the year ended August 31, 2023

As at August 31, 2022, the following warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
1,482,500	1.00	September 2, 2023	1.01
339,405	1.00	October 1, 2023	1.08
1,000,000	1.00	March 6, 2025	2.52
383,309	20.00	See below	4.83
3,205,214			1.94

Performance warrants

On June 28, 2022, in connection with the acquisition of Calipuy (Note 19), the Company granted 383,309 performance bonus warrants to acquire an aggregate of 383,309 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of $20.00 per share expiring on the earlier of (i) 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, and (ii) five years from the date of issuance of the performance warrants.

Stock options

The Company has an Omnibus Equity Incentive Plan (the “2022 Plan”) that supersedes the 2020 rolling stock option plan. The 2022 Plan is a 10% rolling plan that provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units, performance share units and deferred share units. Pursuant to the 2022 Plan the Company may reserve up to a maximum of 10% of the issued and outstanding common shares at the time of grant pursuant to awards granted under the 2022 Plans to directors, employees and consultants of the Company.

Transactions during the year ended August 31, 2023

On July 19, 2023, the Company granted stock options to certain directors and consultants of the Company to purchase an aggregate of 287,500 common shares of the Company at an exercise price of $0.50 per common share expiring July 19, 2026.

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Stock options (continued)

The fair value of these stock options was determined to be $63,462 using the Black-Scholes Option Pricing Model using the following assumptions:

Risk-free annual interest	4.04%
Expected volatility	159%
Expected life of option	3 years
Expected annual dividend	0%

Transactions during the year ended August 31, 2022

On February 2, 2022, the Company granted 15,000 stock options to a director of the Company. The stock options have an exercise price of $12.10 per common share expiring 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 15,000 stock options to a consultant of the Company. The stock options have an exercise price of $13.20 per common share expiring 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 25,000 stock options to a director and officer of the Company. The stock options have an exercise price of $13.70 per common share expiring 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%

(Expressed in Canadian dollars)

13. SHARE CAPITAL (continued)

Stock options (continued)

The following table summarizes the continuity of the Company's stock options:

	August 31, 2023		August 31, 2022	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
		$		$
Outstanding, beginning	**275,000**	**3.40**	220,000	1.00
Granted	**287,500**	**0.50**	55,000	13.10
Expired/Cancelled	**(100,000)**	**1.00**	-	-
Outstanding, ending	**462,500**	**2.12**	275,000	3.40

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

Expiry date	**Number of options**	**Exercise price $**	**Remaining life in years**
November 20, 2025	70,000	1.00	2.22
December 31, 2025	50,000	1.00	2.34
October 26, 2026	25,000	13.70	3.16
November 4, 2026	15,000	13.20	3.18
July 19, 2026	287,500	0.50	2.88
February 2, 2027	15,000	12.10	3.43
	462,500	10.03	2.77

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

Expiry date	**Number of options**	**Exercise price $**	**Remaining life in years**
November 20, 2025	110,000	1.00	3.22
December 31, 2025	50,000	1.00	3.34
April 15, 2026	60,000	1.00	3.62
October 26, 2026	25,000	13.70	4.16
November 4, 2026	15,000	13.20	4.18
February 2, 2027	15,000	12.10	4.43
	275,000	3.40	3.53

(Expressed in Canadian dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION

During the years ended August 31, 2023 and 2022, the Company had the following non-cash investing and financing activity:

	Year ended	
	August 31, 2023	August 31, 2022
	$	$
Non-cash investing activities:		
Fair value of shares issued for exploration and evaluation assets	**73,000**	5,533,392
Issuance of convertible debentures for exploration and evaluation assets	**2,000,000**	-
Issuance of promissory notes for exploration and evaluation assets	**544,101**	-
Non-cash financing activities:		
Fair value of shares issued for debt settlements	**1,782,390**	322,294
Fair value of shares issued as deferred finance charge	**-**	464,000

15. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Fair Value Hierarchy	**August 31, 2023**	August 31, 2022
		$	$
FINANCIAL ASSETS			
Financial assets, at amortized costs			
Cash	N/A	**8,890**	5,021
Amounts receivable	N/A	**11,446**	96,633
Financial assets, at fair value through profit and loss			
Investment	Level 3	**2,041,634**	-
Total financial assets		**2,061,970**	101,654
Other liabilities, at amortized cost			
Loans payable	N/A	**3,129,060**	2,518,082
Trade payables and accrued liabilities	N/A	**2,595,562**	1,334,656
Convertible debenture	N/A	**1,657,532**	-
Provisions	N/A	**652,249**	6,077,370
Total financial liabilities		**8,034,403**	9,930,108

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, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

15. 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 August 31, 2023, the Company had a cash balance of $8,890 (2022 – $5,021) and amounts receivable of $11,446 (2022 – $96,633) to settle current liabilities due in twelve months or less of $6,376,871 (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 August 31, 2023, the Company has access to $2,895,500 through its Equity Drawdown Facility.

Currency Risk

The Company may 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.

15. 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.

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, convertible debenture and future acquisition payments approximate fair value due to their short-term nature.

Within Level 3, the Company includes private company investments which are not quoted on an exchange. The key assumptions used in the valuation of these instruments include (but are not limited to) company-specific information used in modelling, the valuation and share performance of comparable publicly-traded companies, trends in general market conditions, the value at which a recent financing was done by the investee, liquidation analysis and a strategic review.

For investments valued based on trends in comparable entities, general market conditions and specific company information, the inputs used can be highly judgmental. A 10% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding \$204,000 (2022 - \$Nil) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may different significantly between investments, given their different terms and circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions, and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of the investments.

Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of this investment. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

(Expressed in Canadian dollars)

16. 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 August 31, 2023, was $8,890 (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 year ended August 31, 2023.

17. 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.

	August 31, 2023		
	Exploration and evaluation assets	**Deferred financing charges**	**Net loss**
	$	**$**	**$**
Canada	-	423,538	(12,309,507)
United States	1,561,790	-	-
Peru	11,795,230	-	15,849
Total	**13,357,020**	**423,538**	**(12,293,658)**

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

18. COMMITMENTS AND CONTINGENCIES

During the year ended August 31, 2021, the Company 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 years ended August 31, 2023 and 2022, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

(Expressed in Canadian dollars)

19. ACQUISITIONS

Calipuy Resources Inc.

On June 28, 2022, the Company acquired all of the issued and outstanding common shares of Calipuy, which, through its subsidiaries, holds a 100-per-cent interest in two past-producing high-grade gold-silver mines: the Lucero mine, the Machacala mine project and Urumalqui 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 Company acquired all of the issued and outstanding shares of Calipuy by issuing on a pro rata basis to the shareholders of Calipuy the following:

(i) 1,916,548 common shares of the Company at an issue price of $4.65 per share (issued) (Note 13); and
(ii) Performance bonus warrants to acquire an aggregate of 383,309 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of $20.00 per share expiring on the earlier of (i) 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, and (ii) five years from the date of issuance of the performance warrants.

The Company may accelerate the expiry of the performance bonus warrants if the common shares of the Company have a closing price greater than $35.00 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 1,297,150 consideration shares and 259,429 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:

Total consideration paid	**8,911,950**
Share consideration paid	8,911,950
Assets acquired and liabilities assumed	**8,911,950**
Cash received	24,946
Accounts receivable	49,712
Accounts payable	(115,081)
Provisions (Note 11)	(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 252,500 common shares of the Company (issued, valued at $2,802,750) (Notes 4 and 13).

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).

(Expressed in Canadian dollars)

20. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
	$	$
Loss before income taxes	(12,293,658)	(4,957,060)
Expected income tax recovery	3,319,287	1,338,406
Non-deductible permanent differences	66,799	(126,561)
Change in prior year estimates	401,684	-
Effect of foreign tax rates	(396)	10,323
Deferred tax assets acquired	-	15,533
Unrecognized tax benefits	(3,787,374)	(1,237,701)
Total income tax recovery	-	-

The significant components of the Company's deferred income tax assets that have not been included on the consolidated statements of financial position are as follows:

	2023	2022
	$	$
Deferred income tax assets:		
Non-capital loss carryforwards	2,600,842	940,645
Exploration and evaluation assets	2,475,196	411,820
Share issue costs	82,200	18,399
	5,158,238	1,370,864
Deferred tax assets not recognized	(5,158,238)	(1,370,864)
Net deferred tax assets	-	-

The tax pools relating to these deductible temporary differences expire as follows:

	Expiry Date Range
Temporary Differences	
Non-capital losses available for future period (Canada)	2041-2043
Share issue costs	2024-2027

21. SUBSEQUENT EVENTS

In September 2023, the Company completed a non-brokered financing of 145 corporate note units (each, a "Unit") at a price of $1,000 per Unit for gross proceeds of $145,000, of which $20,000 was received during the year ended August 31, 2023 and included in trade payables and accrued liabilities. Each Unit will be composed of (i) $1,000 in principal amount of an unsecured note (the "Note"), and (ii) 2,000 common share purchase warrants (each, a "Warrant"). Each warrant will be exercisable into a common share of the Company at a price of $0.50 per share for three years from issuance. The Note will bear interest at 18% simple interest per annum (calculated not in advance), have a maturity date of 24 months from issuance and will be open for prepayment after 60 days.

In September 2023, The Company, through its subsidiary, Synergy, entered into a loan agreement with a third-party whereby the third-party loaned $200,000 to Synergy for startup capital, marketing fees, legal fees, listing fees and exploration of the Dale Property for the purposes of preparing for an amalgamation between the Synergy and the third-party. The loan shall be subject to an interest rate of 14% per annum with no payments due in the first calendar year. In year two onward, Synergy agrees to repay the loan amount, together with any accrued interest, in 12 equal consecutive installments of $20,000 each, payable on the fifteenth of each month, starting from a date yet to be determined. The final installment shall include any remaining principal balance, accrued interest, and any outstanding fees or charges. In the event that either Synergy or the third-party are no longer working towards the proposed amalgamation then the entire loan amount, together with any accrued interest, and any outstanding fees or charges, shall become due on demand at the third party's discretion.

On December 19, 2023, the Company and Condor have agreed to reschedule the US$500,000 payment due on or before December 31, 2023, into two tranches. Twenty five percent of the payment (US$125,000) will be satisfied now by the issuance of common shares of the Company. The balance of US$375,000 is due on or before March 31, 2024. As consideration for the rescheduled payments, the Company will issue a bonus of US$12,500 to Condor, payable in the Company's shares. All other terms of the sale of Minas Lucero del Sur S.A.C. remain unchanged (Note 4). On February 2, 2024, the Company issued 1,152,422 common shares to Condor.

On December 28, 2023, the Company completed a non-brokered private placement of 5,309,735 common shares at a price of $0.113 per share for gross proceeds of $600,000.

On January 12, 2024, the Company entered into debt settlement agreement with various vendors to settle an aggregate debt of $303,000 and issued 3,030,000 common shares.

In connection with the option agreement to purchase Maverick Springs, Green Power and the Company have entered into an additional letter deed on January 12, 2024 that extends the option period to the earlier of July 10, 2024 or the completion or termination of the Maverick Springs Transaction (Note 4).

$2,000,000 of the loan payable in connection with the amendment of the equity drawdown facility agreement, on July 18, 2022, was assigned to a new third-party lender. The Company entered into a debt settlement agreement with the third-party lender to settle an aggregate debt of $2,000,000 and issued 20,000,000 common shares (Note 8).

In connection with the equity drawdown facility agreement, the Company issued 8,651,956 common shares valued at $930,000 (Note 7).