

# ELEMENT79 ▲▲▲ GOLD

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

**Element79 Gold Corp.**

**For the period ended November 30, 2023**  
(Expressed in Canadian dollars)

This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Element79 Gold Corp. ("Element79" or the "Company"). This MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements and the related notes for the three months ended November 30, 2023 and 2022 ("Financial Statements"), which have been prepared under International Financial Reporting Standards ("IFRS").

All financial information in this MD&A has been prepared in accordance with IFRS. All dollar amounts included therein and in the following MD&A are in Canadian dollars, the reporting and functional currency of the Company, except where noted. The MD&A contains information up to and including February 26, 2024 (the "Report Date").

## **DESCRIPTION OF BUSINESS**

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 ("CSE") with the trading symbol ELEM and the Frankfurt Stock Exchange with the trading symbol 7YS.

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

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

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

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

## **CORPORATE OVERVIEW**

During the period ended November 30, 2023 and as at the Report Date, the Company underwent the following changes in officers and directors:

- Appointed Mr. George Tumur to the Company's Board of Directors. Mr. Tumur brings a wealth of experience and a profound understanding of mining, investment funding, and government relations. Mr. Tumur held several executive-level positions at minerals exploration and mining organizations, including Hunnu Coal Ltd. (ASX: HUN), Energy Resources LLC (later, MMC, HKEX: 0975) and other public and private entities. Most notably, in these roles, Mr Tumur has had a transformative impact in leadership, unlocking significant coal resources, estimated at 1 billion tons of measured and indicated coal across three projects at Hunnu Coal, and elevating the company's valuation nine-fold in just 18 months following IPO; as well as commencing a significant production of a private project within six months from a headstart, introducing an international contract mining experience into local mining industry, leading to a successful IPO.

Prior to his recent role as a senior advisor at Gateway Partners Ltd., a private equity investment fund in Singapore, Mr. Tumur has been appointed as Ambassador of Mongolia to Singapore, Philippines, and Brunei Darussalam, and applied his diplomatic skills to strengthen bilateral and multilateral relations, boasting trade and tourism between host countries and Mongolia.

Beyond his corporate success, Mr. Tumur is also a committed contributor to society and community organizations. He has held leadership positions in various organizations, including the Mongolian Chamber of Trade and Commerce in Singapore, the Asia Europe Foundation, and the Mongolian Mining Club. Tumur's academic background includes a Master of Science in Mining and Earth Systems Engineering from the Colorado School of Mines and a Bachelor of Science in Metallurgy and Materials Engineering from the same institution.

- Mr. Shane Williams resigned from the Board of Directors. Mr. Williams departed from his position on Element79's Board of Directors to focus on personal endeavors and increasing professional commitments but will remain an advisor to the Company.
- Ms. Heidi Gutte resigned as Chief Financial Officer (CFO) as part of a leadership change, and continued to support the Company in a consultancy role to ensure a smooth transition.
- Appointed Ms. Tammy Gillis as its new CFO, effective the beginning of the business day of September 18, 2023. Ms. Gillis brings a wealth of experience and expertise to the role, further strengthening Element79's commitment to financial excellence and growth.

Ms. Gillis is a CPA, CMA with over 20 years' experience in the public markets bringing comprehensive background in finance, reporting and regulatory requirements for junior exploration, manufacturing, bio-technology, and technology industries. Ms. Gillis has been part of teams that have completed several financings, grant applications and acquisition transactions. Ms. Gillis started her career working at a corporate and securities law firm. Ms. Gillis previously served as Corporate Accountant for an international manufacturing company that had revenue in excess of \$120 million and as Chief Financial Officer for a technology company with patented cathode materials used in lithium-ion batteries that successfully built a pilot plant with the assistance of over \$4 million in government grants. Ms. Gillis has served as an officer for several TSX-V and CSE listed issuers.

- Mr. Antonios Maragakis resigned as Chief Operating Officer (COO) due to other professional commitments but will continue to serve as a valued member of the Board of Directors.
- Replacing Mr. Maragakis as the new COO is Kim Kirkland, currently serving as the company's Vice President of Exploration. Mr. Kirkland is a seasoned mining veteran with a track record spanning senior executive and lead engineering roles at some of the world's biggest mining companies, with a core focus on operating mines in Nevada and Peru. Kim has been intimately involved in Element79 Gold's project and strategic development

processes since joining the Company in March 2022, making him the ideal candidate to lead Element79 Gold Corp's operations into the future. His extensive knowledge of our projects, commitment to safety, and dedication to sustainable practices align perfectly with the Company's corporate values.

During the period ended November 30, 2023, the Company completed a consolidation of the authorized and issued common shares of the Company (the "Common Shares"), on the basis of a one (1) post-consolidated Common Share for each ten (10) pre-consolidation Common Shares (the "Consolidation"). No fractional Common Shares will be issued upon the Consolidation. In the event a holder of Common Shares would otherwise be entitled to receive a fractional Common Share in connection with the Consolidation, the number of Common Shares to be received by such shareholder will be rounded down to the next whole number if that fractional Common Share is less than one half (1/2) of a Common Share, and will be rounded up to the next whole number of Common Shares if that fractional Common Share is equal to or greater than one half (1/2) of a Common Share. Effective at the opening of markets on November 8, 2023, the Common Shares commenced trading on the CSE on a post-Consolidation basis under the existing ticker "ELEM". The new CUSIP number will be 28619A200 and the new ISIN number will be CA28619A2002. Outstanding stock options and warrants were adjusted by the Consolidation ratio. All Common Shares and per common share amounts in this MD&A have been retroactively restated to reflect the Consolidation.

## **PROJECT OVERVIEW**

All technical aspects of the Company for this MD&A report, have been reviewed and approved by Neil Pettigrew, M.Sc., P.Geol., a Director of the Company and Qualified Person ("QP") under National Instrument ("NI") 43-101. A breakdown of material components of exploration and evaluation assets can be found in the Financial Statements.

### **Peruvian Properties**

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

The purchase price was payable in the shares of the Company to be paid by the issuance on a pro rata basis to the shareholders of Calipuy as follows:

- (i) 1,916,548 common shares of the company valued at \$8,911,950 (issued); 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.

Element79 may accelerate the expiry of the performance bonus warrants if its common shares 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.

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 acquisition was a related-party transaction pursuant to Multilateral Instrument 61-101 (Protection of Minority Shareholders in Special Transactions). Antonios Maragakis, who was the chief executive officer and a director of Calipuy, is also a director and former chief operating officer of the Company. Mr. Maragakis disclosed his interest in the acquisition

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

The acquisition of Calipuy included Minera Machacala S.A.C. ("Machacala"), a Peruvian entity that owns the Machacala mine project in the Department of La Libertad of Peru and Compania Minera SFJ S.A.C. ("SFJ"), a Peruvian entity that owns the Urumalqui project in the Department of La Libertad of Peru.

On November 15, 2021 (the "Machacala Closing Date"), Calipuy completed a share purchase agreement (the "Machacala Agreement") to acquire all issued and outstanding shares of Machacala. 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 Element79'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 calculated and recorded on the Machacala Closing Date for the Machacala Subsequent Payment was \$2,602,932, which will be accreted to the face value during the term of the Machacala Subsequent Payment.

On November 15, 2021 (the "SFJ Closing Date"), Calipuy completed a share purchase agreement (the "SFJ Agreement") to acquire all issued and outstanding shares (the "SFJ Shares") of SFJ. 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 Element79 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 calculated and recorded on the SFJ Closing Date for the SFJ Subsequent Payment was \$136,996, which will be accreted to the face value during the term of the SFJ Subsequent Payment.

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.

On February 18, 2023, in a mutual agreement with certain contractors and related parties (counterparties), the Company terminated the acquisition agreements for Machacala and SFJ and will return 121,030 of its Element79 common shares to treasury and return all shares of Minera and SFJ., which were acquired through the acquisition of Calipuy, to their former owners. 87,683 common shares were returned during the period ended November 30, 2023.

The termination of Machacala and SFJ includes the termination its interest in the Machacala mine project and Urumalqui project. The Company feels that relinquishing ownership of the Machacala mine project and Urumalqui project is both a

prudent financial decision and provides greater focus on developing higher-value-generating core projects within its portfolio. The return to treasury of the shares represents the purchase shares issued as part of the original acquisition.

As a result of the termination, the Company reduced the balance on its exploration and evaluation assets by \$3,464,606, including recognizing an impairment loss of \$229,850, reduced the balance on the provisions liabilities by \$3,107,673, 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.

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

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

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

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

- On the MLDS Closing Date US\$90,000 (paid – Cdn \$115,704);
- On or before June 21, 2022 US\$75,000 (paid - Cdn\$97,688);
- On or before January 31, 2023 US\$100,000 (paid – Cdn\$133,500)\*;
- On or before March 31, 2023 US\$200,000 (paid – Cdn\$269,900)\*
- On or before December 21, 2023 US\$500,000\*; and
- On or before December 21, 2024 US\$1,000,000\*.

As consideration for the agreement to reschedule the third payment into two payments, Element79 issued 25,000 shares valued at \$40,000 to Condor on December 21, 2022. All other terms of the sale of Minas Lucero del Sur remain unchanged.

Subsequent to the period ended November 30, 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 (issued). 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). All other terms of the sale of Minas Lucero del Sur S.A.C. remain unchanged.

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

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

the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US\$4,000,000; or

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

\* collectively the "MLDS Subsequent Cash Payment"

Using a risk-adjusted discount rate of 12%, the fair value of the MLDS Subsequent Cash Payment was calculated as \$2,783,110 and recorded the provision at the MLDS Closing Date, which will be accreted to the face value during the term of the MLDS Subsequent Cash Payment. As at November 30, 2023, the book value of MLDS Subsequent Cash Payment has been accreted to \$3,133,132.

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

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

#### Lucero mine project

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

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

A NI 43-101 report, dated Sept 4, 2021, prepared for Calipuy (now a wholly owned subsidiary of Element79) on the Lucero mine project by Mining Plus is now available on the Company website. Samples collected by the QP of the report returned up to 116.8 g/t AuEq (78.7 g/t Au and 2,856 g/t Ag). Due to a lack of historical data, the project does not host any resources. However, access to the historic workings is available, and the QP of the report states Lucero is underexplored, and has significant exploration potential for extension of known veins and to discover additional veins.

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

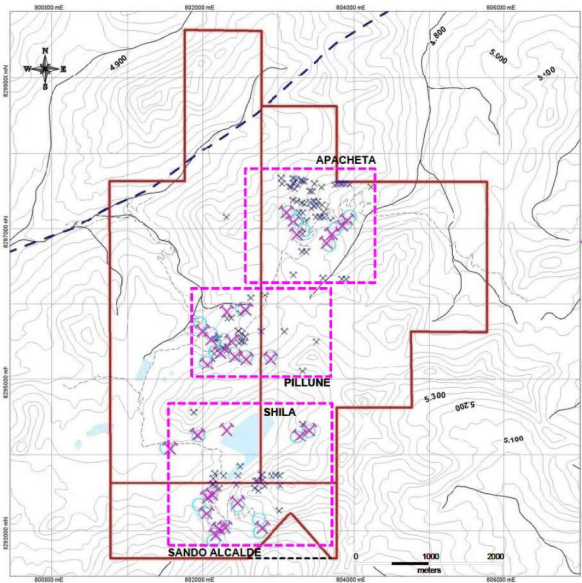


Figure 1. Lucero Project showing major historic mining areas

During the year ended August 31, 2022, samples collected by the Company during a site visit returned high grade silver-gold-lead-zinc mineralization.

**Highlights:**

- Up to 7.7g/t Au, 916 g/t Silver, 1.1 % Lead, and 0.5% Zinc, in grab samples
- Several quartz-carbonate veins observed with recent artisanal workings
- Evidence for potential high sulfidations system

**Table 1. Grab Sample Assay Results**

Sample Number	Easting (NAD84 Zone18L)	Northing (NAD84 Zone18L)	Au g/t	Ag g/t	Cu %	Pb %	Zn %	Description
L1.2	802149	8296909	0.00	0.3	0.00	0.00	0.00	Disseminated pyrite rich clay altered dacite
L2	802367	8296764	0.01	<0.2	0.00	0.01	0.00	Vuggy hydrothermal breccia
L4	801526	8296837	<0.05	37.6	0.00	0.00	0.00	Silicified dacite with strong disseminated pyrite
L5	801105	8296887	7.11	50.0	0.10	1.72	2.09	galena-sphalerite bearing quartz-carbonate vein from recent artisanal workings
L7	802002	8295790	7.70	916.0	0.19	1.07	0.49	galena bearing quartz carbonate vein from recent artisanal workings

The samples collected by the Company during the site visit are in line with those collected by the QP of the recent 43-101 technical report on Lucero which returned check samples up to 78.7g/t Au and 2,856 g/t Ag, as well as past production by Buenaventura.

During the year end August 31, 2023, the Company completed an underground sampling program that consisted of 72 chip samples collected by SLM Resource Group. The batch of 21 assay results were collected underground as chip samples across several veins from the Apacheta Zone, where local informal miners had worked sporadically for the last several years. This work program focused on three different underground workings and revealed high-grade gold-silver mineralization up to 11.7 ounces per ton gold and 247 ounces per ton silver, confirming two orientations of mineralized structures. These comprise a roughly E-W orientation associated with higher precious metals and a more NW orientation associated with higher base metals, both with economic grades (Table 2.) and host veins approximately 0.3 meters thick.



**Table 2. Assay Results from 2023 Chip Sampling Program on the Lucero Project Sample**

Sample Number	Au g/tonne	Au Oz/ton	Ag g/tonne	Ag Oz/ton	Cu %	Pb %	Zn %	Vein Width (m)	Mine Working
LUC2023-01	9.9	0.3	441	12.9	0.02	0.29	1.32	0.30	NV 150 SUR
LUC2023-02	9.9	0.3	319	9.3	0.03	0.25	0.74	0.30	NV 150 SUR
LUC2023-03	31.7	0.9	325	9.5	0.00	0.25	0.24	0.20	NV 150 SUR
LUC2023-04	78.9	2.3	3343	97.5	0.26	0.38	0.55	0.20	NV 150 SUR
LUC2023-05	74.5	2.2	2645	77.1	0.16	0.36	0.51	0.20	NV 150 SUR
<b>LUC2023-06</b>	<b>402.0</b>	<b>11.7</b>	<b>8464</b>	<b>246.9</b>	<b>0.08</b>	<b>0.04</b>	<b>0.04</b>	0.20	NV 150 SUR
<b>LUC2023-07</b>	<b>231.0</b>	<b>6.7</b>	<b>8363</b>	<b>243.9</b>	<b>0.19</b>	<b>0.98</b>	<b>1.43</b>	0.25	NV 150 SUR
LUC2023-08	30.2	0.9	493	14.4	0.20	1.52	1.82	0.30	NV 150 SUR (1)
<b>LUC2023-09</b>	<b>105.0</b>	<b>3.1</b>	<b>3841</b>	<b>112.0</b>	<b>0.44</b>	<b>14.86</b>	<b>22.4</b>	0.40	NV 150 SUR (1)
<b>LUC2023-10</b>	<b>204.0</b>	<b>6.0</b>	<b>2416</b>	<b>70.5</b>	<b>0.61</b>	<b>7.03</b>	<b>5.56</b>	0.30	NV 150 SUR (1)
<b>LUC2023-11</b>	<b>143.0</b>	<b>4.2</b>	<b>1593</b>	<b>46.5</b>	<b>0.43</b>	<b>4.95</b>	<b>3.30</b>	0.30	NV 150 SUR (1)
LUC2023-12	2.9	0.1	53	1.6	0.14	0.46	0.81	0.40	NV 150 NORTE
LUC2023-13	8.6	0.2	126	3.7	0.77	2.46	5.64	0.30	NV 150 NORTE
LUC2023-14	14.5	0.4	294	8.6	2.49	5.49	9.71	0.30	NV 150 NORTE
LUC2023-15	24.1	0.7	285	8.3	1.85	11.43	19.61	0.50	NV 150 NORTE
LUC2023-16	24.4	0.7	225	6.6	1.54	8.61	16.50	0.50	NV 150 NORTE
LUC2023-17	52.6	1.5	634	18.5	0.72	5.57	8.33	0.40	NV 150 NORTE
LUC2023-18	25.5	0.7	453	13.2	0.08	0.51	0.27	0.40	NV 200
LUC2023-19	31.6	0.9	1821	53.1	0.16	1.18	2.09	0.10	NV 200
LUC2023-20	26.0	0.8	2213	64.5	0.06	4.03	8.45	0.30	NV 200
LUC2023-21	32.9	1.0	1479	43.1	0.24	0.48	0.65	0.30	NV 200

Assays from the 2023 underground grab- and channel samples from the Pillune Area highlights:

- 10.5 oz/t Gold and 29 oz/t Silver in sample LUC2023-33
- 4.7 oz/t Gold and 29 oz/t Silver in Sample LUC2023-34

The 2023 work program revealed high-grade gold-silver mineralization confirming two orientations of mineralized structures. These comprise a roughly E-W orientation associated with higher precious metals and a more NW orientation associated with higher base metals, both with economic grades (Table 3).

**Table 3. Underground chip sample assay results for the Pillune Area of the Lucero Project**

Sample Number	Au g/tonne	Au Oz/ton	Ag g/tonne	Ag Oz/ton	Cu %	Pb %	Zn %	Vein Width (m)
LUC2023-22	1.0	0.03	30	0.9	0.02	0.05	0.30	0.10
LUC2023-23	2.8	0.08	9	0.3	0.01	0.26	0.18	0.05
LUC2023-24	0.2	0.01	23	0.7	0.09	0.88	0.23	0.05
LUC2023-25	1.3	0.04	6	0.2	0.03	0.17	0.23	0.30
LUC2023-26	8.0	0.23	205	6.0	0.02	0.12	0.18	0.10
LUC2023-27	24.2	0.71	37	1.1	0.14	1.60	2.33	0.10
LUC2023-28	10.8	0.32	24	0.7	0.15	0.31	0.46	0.10
LUC2023-29	24.5	0.71	33	1.0	0.14	1.06	1.35	0.30
LUC2023-30	36.0	1.05	48	1.4	0.18	1.41	0.54	0.30
LUC2023-31	38.0	1.11	83	2.4	0.25	1.50	0.87	0.30
LUC2023-32	34.9	1.02	193	5.6	0.17	1.47	1.51	0.10
LUC2023-33	359.0	10.47	>1000*	>29.2*	0.08	1.31	0.07	0.10
LUC2023-34	160.0	4.67	>1000*	>29.2*	0.04	0.60	0.82	0.05
LUC2023-35	28.0	0.82	179	5.2	0.02	0.27	0.30	0.30
LUC2023-36	8.8	0.26	304	8.9	0.09	0.57	0.73	0.10
LUC2023-37	12.6	0.37	271	7.9	0.06	0.57	0.91	0.10
LUC2023-38	6.2	0.18	33	0.9	0.03	1.04	1.60	0.10
LUC2023-39	51.8	1.51	670	19.5	0.01	1.14	1.30	0.10
LUC2023-40	75.7	2.21	246	7.2	0.10	4.21	3.16	0.05
LUC2023-41	28.5	0.83	75	2.2	0.10	2.06	2.21	0.05
LUC2023-42	25.6	0.75	268	7.8	0.01	0.08	0.10	0.05
LUC2023-43	22.8	0.67	56	1.6	0.05	1.70	2.21	0.10
LUC2023-44	54.9	1.60	>1000*	>29.2*	0.02	0.65	0.92	0.10
LUC2023-45	47.5	1.38	>1000*	>29.2*	0.06	0.38	0.54	0.10

\*Upper detection limit of silver analysis was 1,000 g/tonne

The final 27 chip samples were taken from the Pillune and Sando Alcalde areas.

**Highlights:**

- 1.7 oz/t Gold and 189 oz/t Silver at Sando Alcalde, sample LUC2023-059
- 2.6 oz/t Gold and 3 oz/t Silver at Pillune, sample LUC2023-063

The 2023 work program carried out by SLM Resource Group focused on three different underground workings and revealed high-grade gold-silver mineralization (Table 4.) and host veins ranging from 0.1 to 0.3 meters thick.

**Table 4. Underground chip sample assay results for the Pillune Area and Sando Alcalde Area of the Lucero Project**

Sample Number	Au g/tonne	Au Oz/ton	Ag g/tonne	Ag Oz/ton	Cu %	Pb %	Zn %	Vein Width (m)	Area
LUC2023-46	20.1	0.59	1706	49.8	0.09	0.59	0.75	0.30	Sando
LUC2023-47	37.8	1.10	3589	104.7	0.10	0.97	1.38	0.30	Sando
LUC2023-48	27.3	0.80	2243	65.4	0.06	0.83	1.00	0.30	Sando
LUC2023-49	57.5	1.68	6495	189.4	0.21	1.70	1.80	0.30	Sando
LUC2023-50	40.1	1.17	2881	84.0	0.11	2.55	6.87	0.30	Sando
LUC2023-51	1.5	0.04	110	3.2	0.13	0.70	0.17	0.40	Sando
LUC2023-52	11.5	0.33	1167	34.0	0.05	0.31	0.45	0.30	Sando
LUC2023-53	0.5	0.01	49	1.4	0.27	2.91	2.23	0.05	Sando
LUC2023-54	0.4	0.01	80	2.3	0.39	6.58	3.08	0.05	Sando
LUC2023-55	8.9	0.26	124	3.6	0.02	0.39	0.58	0.30	Sando
LUC2023-56	0.6	0.02	201	5.9	0.24	11.50	0.47	0.30	Sando
LUC2023-57	25.5	0.74	94	2.7	0.00	0.09	0.03	0.40	Sando
LUC2023-58	32.2	0.94	127	3.7	0.01	0.08	0.05	0.10	Pillune
LUC2023-59	37.0	1.08	1648	48.1	0.04	0.31	0.32	0.10	Pillune
LUC2023-60	18.3	0.53	957	27.9	0.02	0.18	0.18	0.10	Pillune
LUC2023-61	6.9	0.20	303	8.8	0.02	0.07	0.07	0.10	Pillune
LUC2023-62	9.6	0.28	264	7.7	0.01	0.30	0.35	0.10	Pillune
LUC2023-63	90.4	2.64	104	3.0	0.01	0.42	0.89	0.05	Pillune
LUC2023-64	24.1	0.70	94	2.7	0.01	0.17	0.44	0.10	Pillune
LUC2023-65	19.0	0.55	628	18.3	0.04	0.39	0.83	0.10	Pillune
LUC2023-66	50.6	1.47	529	15.4	0.19	2.06	0.96	0.10	Pillune
LUC2023-67	37.8	1.10	1111	32.4	0.21	2.51	0.84	0.10	Pillune
LUC2023-68	28.6	0.83	215	6.3	0.01	0.04	0.04	0.10	Pillune
LUC2023-69	25.0	0.73	78	2.3	0.00	0.02	0.03	0.10	Pillune
LUC2023-70	2.2	0.06	79	2.3	0.02	0.05	0.07	0.10	Pillune
LUC2023-71	4.3	0.12	84	2.4	0.03	0.08	0.07	0.10	Pillune
LUC2023-72	40.4	1.18	479	14.0	0.05	0.51	0.78	0.10	Pillune

During a local assembly held on Sunday, September 3, 2023, the Community of Chachas, Castilla Province, Arequipa Region, approved the issuance of a permit to Minas Lucero del Sur S.A.C. (“Minas Lucero”), a wholly-owned subsidiary of the Company. The resolution was endorsed by a majority of qualified community members present at the local assembly. The permit allows the Company to conduct superficial mining exploration activities, including geological mapping and selective sampling, for a duration of four months, commencing from September 1, 2023, through December 31, 2023.

Monthly work plans were designed and the Company is focusing on re-creating the “lost” historical data sets of both above-ground and underground mapping, sampling and trenching. This activity will create the data required to generate drill targets and provide much of the information towards PEA/PFS studies in 2024. Ore Discovery LLC, with a local branch of their operations in Lima, has been engaged as the Company’s core geological service contractor to carry out the geological mapping and sampling works onsite.

This work is a critical step to our greater development plan leading up to restarting production at Lucero, where we will be building out a data set through sampling, mapping, targeting trenching and drilling locations both above ground and underground. While mapping will be across the whole property, trenching and drill site targeting will focus on the Apacheta, Pillune and Sando Alcalde areas of the property, where the past production came from and is therefore of highest interest. We will also be setting our sights on the Andrea area, where we intend to begin work on a previously untouched vein system, alongside the Chachas community’s artisanal miners.

As part of the agreement reached during the local assembly on September 3, 2023, Minas Lucero has undertaken to contribute to the community's infrastructure development by providing 3,000 meters of 4-inch piping in two deliveries,

for the channeling of La Jocha in Tiella. These commitments are integral to securing the necessary permits for further exploration, with the goal of potential bulk sampling and revenue generation in 2024.

The Company's management team and contractors were present in the Chachas community on October 6-8 for meetings and a formal donation ceremony, where the delivery of the piping to the Community of Chachas, Peru. This initiative underscores the Company's commitment to nurturing positive relationships with local communities while upholding the highest standards of environmental and ethical responsibility in its exploration endeavors. The piping will play a vital role in redirecting water at La Jocha in Tiella, a critical infrastructure project with far-reaching benefits for the entire community.

In addition to the piping donation, the Company is actively engaged with the Community of Chachas in the development of a comprehensive plan for sustainable exploration and development at the Lucero project. This strategic plan prioritizes the minimization of environmental impact while maximizing the advantages to the local community.

The Company is dedicated to conducting environmentally responsible and sustainable exploration activities, emphasizing the importance of collaboration with the local community for mutual benefit. The Company is enthusiastic about its role within the Community of Chachas and eagerly anticipates further cooperative efforts to build a brighter, more sustainable future for all parties involved.

During the period ended November 30, 2023 and up to the Report Date, the field work focused on surface mapping (1/2,500 scale) as well as surface and underground sampling at the Apacheta and Sando Alcalde areas. Despite adverse weather conditions affecting surface work, underground work at Sando Alcalde commenced on September 21, 2023, following authorization from the Community of Chachas, RRCC. The achievements include:

- **Mine Workings Mapping:** 1,400 linear metres covered, representing 40% more than the initial target schedule.
- **Surface Geological Mapping (1:2,500 scale):** A total of 360 hectares were mapped, contributing to a cumulative total of more than 400 hectares.
- **Field Stations:** 98 established, with a cumulative total of 279.
- **Samples Collected:** A total of 111 samples have been collected and sent to Certimin Laboratory (33 surface, 64 underground, and 14 QA/QC).

Recent work in November 2023, focused on mapping and surface and underground sampling at the Apacheta area. The following progress has been made:

- **Underground Mapping:** 4 adits, 2,505 linear meters (358m/day).
- **Sampling:** 200 samples collected (28 samples per day), including 26 QA/QC samples.

Further field work was completed at the Lucero mine project, with the total 2023 work program re-generating unavailable historical mapping and data sets, including a significant volume of channel samples along the adits and veins where past production, and current artisanal production is coming from. This data will help the Company develop geological models and both underground and surface-level drilling targets, which the Company intends to form a drilling campaign around in mid-2024.

The Element79 team has a clear vision for the future. Our short-term goal starting involves bulk sampling and sales to local mills to gain additional knowledge of the deposit as well as generate revenue. The Company completed a non-binding letter of intent ("LOI") with Compañía de Minas Buenaventura S.A.A. ("BVN") that paves the way for the sale of ore from the Lucero property. This marks a pivotal moment in the Company's journey and aligns directly with its cash-flow generation strategy for 2024.

Under the terms of the LOI, Element79 and BVN have outlined several key points:

**Bulk Sampling Program:** A pilot bulk sampling program ("Pilot Program") is set to commence in mid-2024, aiming to extract a minimum quantity of ore over a 12-month period, to be shipped to BVN's Orcopampa mill for processing.

**Definitive Agreement:** The parties are committed to negotiating a definitive agreement approximately 90 days before the Pilot Program's start.

**Quantity:** The Company will deliver an average of 200 tons per day of ore to BVN's Orcopampa facilities under the Pilot Program.

**Right of First Refusal:** BVN has the exclusive right of first refusal to buy the ore produced by the Company during the Pilot Program.

**Purchase Price:** The purchase price per metric ton of ore will be determined per delivery, after sampling and testing by BVN, based on industry standards and the LME (London Metal Exchange) pm price of the day.

**Delivery Schedule:** Specific delivery schedules will be mutually agreed upon in advance, ensuring smooth coordination with Orcopampa's operations.

**Quality Control:** Rigorous quality control mechanisms will be established to meet agreed-upon specifications.

Another component of the LOI is that BVN has granted the Company access to valuable historical information from its archives, allowing Element79 to benefit from a more comprehensive understanding of the property, and therefore a greater potential for more effective and efficient mine planning. This knowledge will assist in developing an efficient bulk tonnage extraction and toll processing plan.

#### Lucero del Sur 28 Property

On May 17, 2023, the Company submitted the winning bid for the coveted area covering the Roxana vein and referred to as Lucero del Sur 28. Encompassing 1,200 hectares, the Lucero del Sur 28 property is located immediately to the east of the Lucero mine project in the Shila range of southern Peru.

#### *Roxana Vein*

Historical information obtained from Buenaventura indicates the Roxana vein outcrops over a strike length of approximately 100m, with varying widths between 0.20 and 0.50 meters. The vein is dominated by white to hyaline quartz) and altered rock clasts, with lesser amounts limonite patinas, hematite, pyrite, and jarosite. Certain sections feature lenses with argentiferous galena, chalcopyrite, malachite, and azurite. Informal workers have worked at strike lengths of approximately 50m and depth of 5m, extracting over 12,000 tonnes of ore yielding grades of 12.5 g/t Au and 1.2 oz/t Ag.

#### *Tocracancha Prospect*

Previously work on this prospect near the Roxana vein identified several west-northwest trending veins exhibiting strike lengths from 200 meters to nearly 1,200 meters with widths spanning from 0.5 to 2.0 meters. The observed mineralogy predominantly consists of predominantly hyaline quartz, gray silica microveins, baryte, and calcite, with traces of galena, sphalerite, as well as oxides of iron and manganese.

#### **Nevada Portfolio**

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

subsidiary of Clover, to acquire 100% of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain portfolio.

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 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 convertibility options priced at \$0.15 and a 10% default interest rate. Prepayment by the Company is possible with a 60-day advance notice and paid at a 10% premium to the principal amount remaining.
- (ii) Second payment of \$284, in cash or common shares of the Company, on the date that is 18 months following the closing of the asset purchase agreement (prepaid by the Company concurrently with closing).
- (iii) Security interest in Maverick Springs and the Battle Mountain portfolio, to be released upon completion of the payment under the CVR.

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

- (i) vote all shares of the Company it holds in accordance with the recommendations of the Company's management;
- (ii) retain 50% of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months and the remaining 50% for at least 12 months after closing of the option agreement; and
- (iii) grant the Company a right of first offer in relation to the sale of any common shares of the Company held by Splitter LLC.

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

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

During the 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.

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.

The terms of the Option Agreement are as follows:

Green Power will, 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. During the period ended November 30, 2023, the Maverick Springs Transaction was extended by payment of US\$100,000 from Green Power to the Company.

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

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

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.

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.

Key additional terms of the Letter Deed are:

- Element79 Gold must give notice to a third party who holds a right of first refusal with respect to the Transaction.
- Green Power Minerals will pay an additional option extension fee of CAD \$75,000 (paid) within seven (7) days of receipt of the confirmation from such third party that it has elected not to exercise any rights of first offer or other preferential rights.

As at August 31, 2023, Maverick Springs project was reclassified from exploration and evaluation assets to assets available for sale.

#### Reclamation deposit

As at November 30, 2023, the reclamation deposit in the amount of \$11,764 (August 31, 2023 - \$11,764) is related to Battle Mountain portfolio projects and Maverick Springs project

#### The Maverick Springs Project

The Maverick Springs Project ("Maverick Springs") consists of approximately 4,800 acres across 247 unpatented claims that straddle the border of Elko County and White Pine County, proximal to the Carlin Trend, a belt of gold deposits approximately 5 miles wide and 40 miles long that is one of the world's richest gold mining districts, having produced more gold than any other mining district in the US. Maverick Springs is accessible year-round via gravel road, with a network of drill roads spread throughout its claims. Nearby electrical power can be sourced from the eastern Nevada grid system to the northwest. The claims at Maverick Springs were first staked in 1986, with several exploration programs conducted from 1987 to 2004, including a total of 195 drill holes totaling 47,000 metres.

Maverick Springs hosts a historic gold (Au) equivalent resource of 1.7 million ounces (indicated) and 1.9 million ounces (inferred), with cutoff grade of 34.3 g/t silver equivalent, calculated using circa 2004 values of \$327 USD per ounce of gold and \$4.77 USD per ounce of silver. Element79 is not treating this historic estimate as current mineral resources and a qualified person has not reviewed the work to define the quality of work associated with this historic estimate.

Effective October 7, 2022, the Company filed an updated National Instrument 43-101 compliant, pit-constrained Mineral Resource Estimate (the "MRE") on Maverick Springs. The current MRE was completed by Allan Armitage, PhD., P. Geo., and Rohan Millar, B.Sc., P. Geo. Of SGS Canada Inc. This new MRE incorporates an additional 52 drill holes drilled since the historical 2004 Mineral Resource Estimate by Snowden Mining Industry Consultants Inc. for Vista Gold

Corp. (the "2004 MRE")<sup>1</sup> (Table 3.) and is constrained by a conceptual Whittle Pit. The current MRE while containing a similar gold equivalent ounce total, differs substantially from the 2004 MRE, which was not pit-constrained. The current MRE is entirely classified as Inferred in line with modern National Instrument 43-101 best practices, whereas the historical 2004 MRE had 45% of the resource classified as Indicated. The current MRE is also higher grade (Table 1 and 3).

**Highlights of the Maverick Springs Mineral Resource Estimate include:**

- **.3.71 million gold equivalent ounces "Au EQ"** (278.0M Ag EQ ounces), within 125.4 million tonnes at an average grade of 0.92 g/t Au EQ (68.9 g/tonne Ag EQ) in the Inferred category.

**Table 1. 2022 Pit-Constrained Mineral Resource Estimate for Maverick Springs**

Class	Tonnes	Ag g/t	Au g/t	Ag (Moz)	Au (Moz)	Ag EQ (g/t)	Ag EQ (Moz)	Au EQ (g/t)	Au EQ (Moz)
Inferred	125,421,000	43.5	0.34	175.7	1.37	68.9	278.0	0.92	3.71

- *The classification of the current Mineral Resource Estimate into Inferred is consistent with current 2014 CIM Definition Standards - For Mineral Resources and Mineral Reserves and 2019 CIM Estimation of Mineral Resources & Mineral Reserves Best Practice Guidelines.*
- *Mineral resources which are not mineral reserves do not have demonstrated economic viability. An Inferred Mineral Resource has a lower level of confidence than that applying to a Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.*
- *All figures are rounded to reflect the relative accuracy of the estimate. Composites have been capped where appropriate.*
- *Resources are presented undiluted and in situ and are considered to have reasonable prospects for economic extraction.*
- *Open pit mineral resources are reported at a cut-off grade of 22.5 g/tonne Ag EQ. Cutoff grade is based on a gold price of US\$1,650 per ounce and a silver price of US\$22 per ounce, a gold recovery of 75%, a silver recovery of 85% and reasonable mining, processing and transportation costs.*
- *High grade capping was done on silver grades in the composite data. A capping value of 25 oz/ton Ag was applied to the silver grades.*
- *A fixed specific gravity value of 13.6 ft3/ton (2.35 g/cm3) was used to estimate the tonnage from block model volumes.*
- *The Authors are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue not reported in the technical report, that could materially affect the mineral resource estimate.*

**Table 2. 2022 Maverick Springs Open-Pit Optimization Parameters**

Parameter	Unit	In-Pit Maverick Springs
Gold Price	\$US per ounce	\$1,650
Silver Price	\$US per ounce	\$22
Gold Recovery	Percent (%)	75
Silver Recovery	Percent (%)	85
Pit Slope	Degrees	45
Strip Ratio	Waste Mineralization	5.8:1
Mining Cost	\$US per tonne mined	\$1.90
Processing Cost and G&A	\$US per tonne mined	\$12.50
Mining Dilution	Percent (%)	5%
Mining Recovery	Percent (%)	95%
Cut-Off Grade	g/t Au EQ	0.3
Cut-Off Grade	g/t Ag EQ	22.50

<sup>1</sup> Vista Gold Corp. News Release 2004 <https://www.vistagold.com/news/archive/news-2004/578-vista-gold-corp-announces-updated-resource-estimate-for-the-maverick-springsproject-in-nevada>



**Table 3. Maverick Springs 2004 Historical Mineral Resource Estimate<sup>2</sup>**

Class	Tonnes	Ag g/t	Au g/t	Ag (Moz)	Au (Moz)	Ag EQ (g/t)	Ag EQ (Moz)	Au EQ (g/t)	Au EQ (Moz)
Indicated	69,630,000	3.43	69.6	0.34	0.70	61.7	125.3	0.84	1.71
Inferred	85,550,000	34.3	85.6	0.27	0.68	51.4	128.3	0.78	1.93

- This historical estimate is the most recent historical resource estimate relevant to the Maverick Springs Project, uses only the categories set out in Sections 1.2 and 1.3 of National Instrument 43-101 Standards of Disclosure for Mineral Projects, and was prepared to the quality and rigour as defined by NI 43-101 standards in 2004. A qualified person has not conducted sufficient work on the historical estimate required to categorize this resource to the CIM definition of a current mineral resource, which may include the preparation of a new NI 43-101 Technical Report on Maverick Springs. Element79 is not treating this historical estimate as current mineral resources and a qualified person has not reviewed the work to define the quality of work associated with this historical estimate. Element79 Gold intends to have a qualified person conduct all work required to classify this historical resource estimate as a current mineral resource as defined by the CIM Definition Standards.
- Reported by Snowden Mining Industry Consultants in the document "Technical Report, Maverick Springs Project, Nevada, USA", published April 13, 2004
- Calculated using a \$US327/oz gold and \$US4.77/oz silver price, not pit constrained
- Calculated using a 34.3 g/t Ag cut off grade
- Silver equivalency is calculated as  $Ag\ Eq = Ag + Au * 68.46$
- Based on 159 drill holes

### The Battle Mountain Portfolio

The Battle Mountain Portfolio is comprised primarily of early-stage projects. While drilling has been completed at some projects, such as Elder Creek (155 holes) and Clover (104 holes), many have only surface sampling and geophysical surveys completed. Of particular note are the Long Peak, Elephant, Elder Creek, North Mill Creek, Clipper, Pipeline South, West Cortez, and Walti Projects, which are interpreted to lie along the northwest trending fault that hosts the high-grade Pipeline deposit, which is included in Nevada Gold's Cortez Mine.

On November 17, 2022, under the terms of the Valdo Minerals Ltd. ("Valdo") Letter intent, it is anticipated that Valdo would purchase all of Element79 Gold's interests and obligations in relation to North Mill Creek, Elder Creek and Elephant, exploration projects within the Nevada Portfolio, in exchange for a total consideration of \$1,125,000 payable by the issuance of an aggregate of 3.75 million common shares of Centra at a deemed price of 30 cents per share. The Valdo LOI is non-binding and is subject to a 180-day exclusivity period (extended May 30, 2023). Updates on contract renewal pending shortly.

During the year ended August 31, 2023, 371 claims with a cost of \$2,041,634 comprising of the Stargo and Long Peak projects were sold 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. As at November 30, 2023 and the initial recognition, the investment in Centra was \$2,041,634.

During the period ended November 30, 2023, the Company renewed the following Battle Mountain Portfolio claims:

1. **Clover and West Whistler:** Two Battle Mountain Trend properties with strategic merit for exploration and resource development in the near term.
  - **Clover:** 169 non-contiguous, unpatented claims covering 3,063 acres in Elko County, Nevada, within the Midas Mining District, approximately 16 miles West of Hecla Mining Company's Midas Mine.
  - **West Whistler:** covers 103 contiguous, unpatented claims located 9 miles NW of the town of Eureka, NV, in the Southeastern end of the Battle Mountain Trend near several gold deposits including Barrick's Cortez Mine.

<sup>2</sup> Vista Gold Corp. News Release 2004 <https://www.vistagold.com/news/archive/news-2004/578-vista-gold-corp-announces-updated-resource-estimate-for-the-maverick-springsproject-in-nevada>

2. Properties included in the Valdo Sale Agreement:

- **The North Mill Creek Project:** comprised of 6 unpatented claims located at the margins of the Goat Window in Lander County, Nevada.
- **The Elder Creek Project:** comprised of 23 unpatented claims, which cover the historic Elder Creek open-pit mine in Lander County, Nevada.
- **The Elephant Project:** comprised of 197 claims located at the foot of the mine dumps at Nevada Gold Mines' Phoenix operation.

In addition to the above, the Board of Directors of Element79 resolved to surrender its interests in several properties within the Battle Mountain portfolio, a shared vision that aligns with the Company's evolving business strategy. Through deliberation, forecasting and strategic planning, the Company has chosen to focus its efforts on the high-grade, past-producing Lucero mine project in Arequipa, Peru, with exploration and development efforts there centered around bringing production online in the coming 12 to 18 months, as well as retaining only its most advanced-stage exploration projects in Nevada, determining that surrendering several properties within the Battle Mountain Portfolio. Consequently, \$7,341,078 costs were written off to operations.

Prior to selling two projects and surrounding several properties, the Battle Mountain Portfolio was originally comprised of 15 separate projects that total over 44,478 acres across 2,203 unpatented claims in five counties: Elko County, Eureka County, Humboldt County, Lander County, and Nye County. Most of the Battle Mountain Portfolio is located within the Battle Mountain Trend, with several projects close to globally reputable gold deposits including Nevada Gold's Cortez Mine.

### **Dale Property**

The Dale Property (the "Property") is located approximately 100 km southwest of Timmins, Ontario, in the Porcupine Mining District, Dale Township. The claims are centered over the southern arm of Horwood Lake towards the south boundary of Dale Township. Access to all sides of the property is gained by a series of logging roads that can be entered from Highways 101, 144 and 129. Access to the north from Highway 101 traveling south onto the Kukatush forest road to the east part of the Property which also accesses a boat landing for the north part of Horwood Lake. The Property can be accessed year-round by air using a float plane with skis or a combination of trucks, boat, all-terrain vehicle or snow machine. Exploration work could be carried out year-round.

The geographic coordinates of the main mineral occurrence within the Property, are 47° 54' 21'' North latitude by 82° 18' 57'' West longitude, or UTM NAD83 Zone 17 T 5306600 m North by 401600 m East. The Property is comprised of 90 unpatented single cell and boundary cell mining claims totaling approximately 1,980.50 hectares. The claims, in the Dale Township, are currently 100% owned by Jean Marc Gaudreau.

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 as at the Report Date)
- (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.

During the year ended August 31, 2023, Element79 increased the size of its existing 1,735 hectare property by staking an additional 245.5 hectares directly adjacent to the Western and North-Western borders of its existing claims, bringing the total land package to 1,980.5 hectares.

On July 17, 2023, the Company approved the transfer of all rights and data related to the Dale property to its newly-created, wholly owned subsidiary, Synergy Metals Corp. ("Synergy Metals"). The Company plans to spin out and sell Synergy Metals through a plan of arrangement. As a result, the Dale Property was reclassified from exploration and evaluation assets to assets available for sale.

During the period ended November 30, 2023, the Company, through its subsidiary, Synergy Metals, entered into a loan agreement with a third-party whereby the third-party loaned \$200,000 to Synergy Metals 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 Metals 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.

### *Exploration*

Element79 and historic operator Placer Dome Canada Limited have previously identified auriferous anomalies predominantly hosted in quartz veining and shear zones—the recently completed work plan aimed to expand upon these promising discoveries and confirm their continuity.

### *2023 Prospecting Program*

The prospecting, light stripping, washing, and sampling program was initially slated for a minimum of seven days, with possible extension dependent on field results. Following the initial work period, our dedicated team on the ground made additional progress, identifying new structures of interest and expressing a strong desire to continue some of the work, resulting in an additional week of exploration work.

**Notable achievements include:**

- Sampling in the iron carbonate zone, revealing consistent low-grade gold values.
- Resampling at various locations and conducting hand-stripping to expose and sample areas with gold concentrations exceeding 0.5g/t Including up to 1.1 g/t
- Highly anomalous Molybdenum up to 0.3% associated with two gold samples which returned >1 g/t suggests some similarities to the world class Hemlo Gold mine.
- Identification of new areas of interest for future exploration.
- Channel cuts taken in the main gold-bearing zone.
- Completion of LIDAR image surveys.
- Opening up existing forest roads for future exploration, enhancing accessibility.

The team also met with SGS Canada Inc. ("SGS"), who provided support and recommendations for the current program and outlined the upcoming update to the NI43-101. Notably, SGS made the recommendation to proceed with whole rock analysis to include silver, as this is a good association with the current type of deposit models that have potentially been identified.

Actlabs in Timmins, Ontario, has been responsible for the assays.

**Summer 2023 Dale Program Prospecting Results**

<b>Sample No.</b>	<b>Easting</b>	<b>Northing</b>	<b>Au g/t</b>	<b>Ag g/t</b>	<b>Mo g/t</b>
DALE 07/23/23-01	400355	5306477	< 0.005	< 0.2	< 1
DALE 07/23/23-02	400339	5306455	< 0.005	< 0.2	< 1
DALE 07/23/23-03	400339	5306445	0.046	< 0.2	1
DALE 07/23/23-04	401631	5306037	0.229	< 0.2	7
DALE 07/23/23-05	401952	5306073	< 0.005	< 0.2	< 1
DALE 07/23/23-06	402020	5306134	0.055	< 0.2	< 1
DALE 07/23/23-07	402034	5306147	0.083	0.2	12
DALE 07/23/23-08	400154	5306992	0.083	< 0.2	< 1
DALE 07/23/23-09	400111	5306784	< 0.005	0.5	< 1
DALE 07/23/23-10	400257	5306513	< 0.005	< 0.2	< 1
DALE 07/23/23-11	400253	5306512	< 0.005	0.3	< 1
DALE 07/23/23-12	400252	5306506	< 0.005	< 0.2	3
DALE 07/23/23-13	400181	5306292	< 0.005	< 0.2	< 1
DALE 07/23/23-14	400061	5306227	< 0.005	< 0.2	< 1
DALE 07/23/23-15	400023	5306255	< 0.005	< 0.2	< 1
DALE 07/23/23-16	400023	5306162	< 0.005	< 0.2	< 1
DALE 07/23/23-17	400333	5306378	< 0.005	< 0.2	< 1
DALE 07/23/23-18a	400321	5306374	< 0.005	< 0.2	< 1
DALE 07/28/23-19a	400333	5306353	< 0.005	< 0.2	2
DALE 07/29/23-18b	400402	5306455	< 0.005	< 0.2	< 1
DALE 07/29/23-19b	400381	5306426	< 0.005	< 0.2	< 1
DALE 07/29/23-20	400421	5306458	0.187	0.5	5
DALE 07/29/23-21	401615	5306655	1.120	3.4	3170
DALE 07/29/23-22	401615	5306655	1.100	2	795
DALE 07/29/23-23	401527	5306630	< 0.005	< 0.2	2
DALE 07/29/23-24	400388	5306551	< 0.005	< 0.2	1
DALE 07/29/23-25	400410	5306551	< 0.005	< 0.2	< 1
DALE 07/29/23-26	400423	5306537	0.007	< 0.2	< 1
DALE 07/29/23-27	400738	5306718	< 0.005	1.2	< 1
DALE 07/29/23-28	400715	5306726	0.683	1.8	< 1
DALE 07/30/23-CC01	400962	5306718	0.135	0.2	< 1

## **PROPOSED TRANSACTION**

### **Snowbird Property**

During the year ended August 31, 2021, Element79 signed a binding letter of intent (the "LOI") to acquire 100% of the issued and outstanding shares in Plutus Gold, after it has satisfied all obligations to exercise its option agreement with Gilennes Exploration Ltd. to acquire a 100% interest in the Snowbird High-Grade Gold Project.

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

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

While Element79's due diligence review remains ongoing, it has progressed sufficiently that the Company has opted to finance Plutus Gold's Drill Program via a drawable loan facility up to Cdn\$1,100,000 in order to facilitate the fulfillment of Plutus Gold's final obligations remaining under the Option Agreement between Plutus Gold and Gilennes Exploration Ltd. Element79 continues to review the property in addition to exploring alternate acquisition terms with regards to the current market conditions.

## **FUTURE PLANS**

Element79 focus is on developing its past-producing, high-grade gold and silver mine, the Lucero project located in Arequipa, Peru, with the intent to restart production in the near term. The three properties in the Battle Mountain Portfolio under contract for sale to Valdo Minerals Ltd. are anticipated to close during the year ended August 31, 2024. The option agreement to sell the Maverick Springs project is anticipated to be completed on or before July 10, 2024. The Company's option to acquire a 100% interest in the Dale Property is advancing through the Plan of Arrangement spin-out process through the rest of 2024.

## **SELECTED FINANCIAL INFORMATION**

### **Selected Financial Information**

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

	Quarter ended November 30, 2023	Quarter ended August 31, 2023	Quarter ended May 31, 2023	Quarter ended February 28, 2023
			\$	\$
				\$
Total revenues	-	-	-	-
Operating expenses	(460,434)	(170,470)	(1,769,156)	(444,085)
Net loss	(676,785)	(6,142,106)	(3,293,407)	(1,517,498)
Net loss per share – Basic & fully diluted	(0.05)	(0.32)	(0.31)	(0.18)
Total assets	19,421,416	19,088,324	24,197,020	23,421,466

**Element79 Gold Corp.**  
**Management's Discussion and Analysis of Financial Results**  
**For the period ended November 30, 2023**

	Quarter ended November 30, 2022	Quarter ended August 31, 2022	Quarter ended May 31, 2022	Quarter ended February 28, 2022
	\$	\$	\$	\$
Total revenues	-	-	-	-
Operating expenses	(1,804,183)	1,428,128	2,055,344	624,158
Net loss	(1,340,647)	(1,427,972)	(2,058,877)	(649,945)
Net loss per share – Basic & fully diluted	(0.17)	(0.03)	(0.04)	(0.01)
Total assets	27,631,909	26,952,976	12,306,172	13,063,933

Over the past eight quarters, net loss ranged from a high of \$6,142,106 in the last quarter of the fiscal year ended in 2023 to a low of \$649,945 in the second quarter of the fiscal year ended in 2023.

Significant expenses during the quarter ended February 28, 2022 include professional fees of \$81,224, investor relations and marketing fees of \$110,482, management and director fees of \$92,000, and share-based compensation of \$283,242. Net loss slightly lower as a result a decrease in the fees from the equity drawdown financing agreement entered into September 14, 2020.

Significant expenses during the quarter ended May 31, 2022 include professional fees of \$117,201, investor relations and marketing fees of \$97,601, management and director fees of \$94,000, consulting fees of \$259,767, office expenses of \$40,845, exploration costs of \$1,413,606 and share-based compensation of \$14,555. Net loss higher as a result of the Company's due diligence review on the Snowbird property and the additions of consultants in the Company.

Significant expenses during the quarter ended August 31, 2022 include professional fees of \$330,803, investor relations and marketing fees of \$245,664, management and director fees of \$134,102, consulting fees of \$431,666, office expenses of \$398,662, exploration costs of \$111,654, non-cash accretion expense of \$83,380 and share-based compensation of \$99,141. Net loss was lower as a result of the Company's decreasing its due diligence review on the Snowbird property which was offset by the additions of consultants in the Company, office expenses due to the increase in operating activities and the non-cash accretion of future cash payments due for the Peruvian property acquisition.

Significant expenses during the quarter ended November 30, 2022 include professional fees of \$58,997, investor relations and marketing fees of \$115,474, management and director fees of \$110,000, consulting fees of \$1,054,133, office expenses of \$129,402, exploration costs of \$41,128, gain on settlement of debt of \$651,316, financing fee of \$258,578 and non-cash accretion expense of \$186,885. Net loss was slightly higher as a result of the additions of consultants in the Company and an increase in operating activities while exploring new opportunities. This was offset slightly by a gain on the shares issued for debt settlement.

Significant expenses during the quarter ended February 28, 2023 include professional fees of \$43,875, investor relations and marketing fees of \$156,705, management and director fees of \$52,000, consulting fees of \$297,055, office expenses of \$(64,175), exploration costs of \$(22,844), gain on settlement of debt of \$288,552, financing fee of \$(47,643), non-cash accretion expense of \$175,868. During the quarter ended February 28, 2023, certain expenses were re-allocated to the appropriate expenses which resulted in negative expenses in office expenses, exploration expenses and financing fees. Net loss was lower as a result of gain on the shares issued for debt settlement.

Significant expenses during the quarter ended May 31, 2023 include professional fees of \$136,236, investor relations and marketing fees of \$156,705, management and director fees of \$52,000, consulting fees of \$347,445, office expenses of \$(188,691), exploration costs of \$64, loss on settlement of debt of \$131,286, financing fee of \$256,742, non-cash accretion expense of \$144,791. During the quarter ended May 31, 2023, certain expenses were re-allocated to the appropriate expenses which resulted in negative expenses in office expenses. Net loss was higher due to an overall increase in operating activities resulting in additional corporate consultants, management and directors. In addition, net loss was higher due to the loss on the shares issued for debt settlement, an increase in marketing efforts that focused on equity funding due to recent developments in the capital markets having restricted access to equity financing for many companies.

Significant expenses during the quarter ended August 31, 2023 include advisory fees of \$246,796, investor relations and marketing fees of \$106,086, management and director fees of \$(245,306), consulting fees of \$16,299, professional fees of \$115,262, office expenses of \$38,007, exploration costs of \$28,953, loss on settlement of debt of \$571,042, impairment of exploration and evaluation of \$7,570,927, and non-cash accretion expense of \$136,964. Net loss was higher due to an overall increase in operating activities resulting in additional corporate consultants, management and directors. In addition, net loss was higher due to the impairment of exploration and evaluation assets and loss on the shares issued for debt settlement.

Significant expenses during the quarter ended November 30, 2023 include advisory fees of \$48,249, investor relations and marketing fees of \$55,151, management and director fees of \$109,025, consulting fees of \$190,370, professional fees of \$43,546, office expenses of \$8,129, interest expense of \$51,002, and non-cash accretion expense of \$165,154. Net loss was primary lower due to no exploration and evaluations assets meeting the impairment test.

## **RESULTS OF OPERATIONS**

A breakdown of material components of general and administrative expenses can be found in the Financial Statements.

The Company incurred a net loss and comprehensive loss of \$659,820 (November 30, 2022 - \$1,368,165) for the period ended November 30, 2023. The decrease in the net loss and comprehensive loss for the period ended November 30, 2023 was primarily due to the termination/expiration of several consulting agreements. Details of material expenses are as follows:

- Consulting fees of \$190,370 (November 30, 2022 - \$1,071,731) decrease by \$881,361 primarily due to the termination/expiration of several consulting agreements.
- Advisory fees of \$48,249 (November 30, 2022 - \$Nil) increased by \$48,249 relates to advisors retained to review opportunities and advise on the Nevada properties. These fees did not meet the exploration and evaluation accounting expenditure policy of capitalization.
- Director fees of \$18,000 (November 30, 2022 - \$Nil) increased by \$18,000 due to the implementation of director fees.
- Exploration cost of \$Nil (November 30, 2022 - \$41,128) relates to the Snowbird project letter of intent and decreased by \$41,128 due to reduced due diligence exploration activity being undertaken on the Snowbird project.
- Investor relations and marketing of \$55,151 (November 30, 2022 - \$115,474) decreased by \$60,323 primarily due to the termination/expiration of agreements.
- Management fees of \$91,025 (November 30, 2022- \$110,000) decreased by \$18,975 due to a change in management who provide the same services at a reduced monthly fee.
- Professional fees of \$43,546 (November 30, 2022 - \$58,997) decreased by \$15,451 primarily due to a decrease in exploring new opportunities while focusing on the completion of the Maverick Springs project, Dale Property and Valdo transactions. Professional fees is mainly relating to general corporate legal, and audit and accounting fees.
- Accretion expense of \$165,154 (November 30, 2022 - \$186,885) relates to the accretion of provisions relating to the subsequent cash payments the Company has to make as a result of the acquisition of the Peruvian properties and relates to the convertible note agreement entered into for the final milestone payment for the Nevada gold portfolio acquisition.
- Gain on settlement of debt of \$Nil (November 30, 2022 - \$651,316) primarily relates to the Company entering into debt settlement agreements with various vendors to settle and aggregate debt of \$1,338,506 and issued 496,704 common shares valued at \$657,135.
- Interest expense of \$51,002 (November 30, 2022- \$36,246) primarily relates to the interest incurred on the equity drawdown facility promissory note entered during the fourth quarter 2022.

## **LIQUIDITY AND CAPITAL RESOURCES**

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

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

As at November 30, 2023, the Company had \$25,252 (August 31, 2023 - \$8,890) in cash and working capital deficiency of \$3,888,611 (August 31, 2022 - \$3,110,739).

	<b>November 30, 2023</b>	<b>November 30, 2022</b>	<b>Change</b>
	<b>\$</b>	<b>\$</b>	
Cash used in operating activities	(69,029)	(116,537)	47,508
Cash used in investing activities	256,574	612,312	(355,738)
Cash provided by financing activities	325,000	734,101	(409,101)

### *Operating Activities*

Operating activities generated a net cash outflow of \$69,029 (November 30, 2022 - \$116,537). The decreased use of cash is primarily attributable to a decrease in the Company’s due diligence review on the Snowbird property, the termination of the acquisition agreements for Machacala and SFJ which resulted in a decrease in general and administration operations in Peru, change in management who provide the same services at a reduced monthly fee and the termination/expiry of consulting, and Investor relations and marketing agreements.

### *Investing Activities*

Investing activities consisted of exploration and evaluation assets and repayment on provision. During the period ended November 30, 2023, investing activities primarily related to exploration programs on the Peruvian Properties. During the previous period, investing activities consisted of the exploration programs on the Dale Property and the Nevada portfolio.

### *Financing Activities*

The cash inflow relates to financing. During the previous year, financing activities cash inflow relates to the share subscriptions received in advance pursuant to the Facility and the receipt of a promissory note which were offset with the repayment of promissory notes

As at the Report Date, the Company:

1. completed a non-brokered private placement of 5,309,735 common shares (the “shares”) at a price of \$0.113 per share for gross proceeds of \$600,000.
2. 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.
3. The Company completed a non-brokered financing of 145 corporate note units (Units) at a price of \$1,000 per Unit for gross proceeds of \$145,000. The principal amount of the Notes will bear interest at 18% simple interest



per annum (calculated not in advance) with 100% warrant coverage (each a "Warrant"), and the Notes will be open for prepayment after 60 days. Each Warrant will be exercisable into a common share (each a "Share") of the Company at a price of \$0.05 per Share.

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.
5. In connection with the equity drawdown facility agreement, the Company issued 8,651,956 common shares valued at \$930,000.

## **RELATED PARTY TRANSACTIONS**

### ***Key management personnel compensation***

As at the Report Date, the Company's key management personnel consist of the following directors:

- Neil Pettigrew
- Antonios Maragakis
- Zara Kanji, Chair of Audit Committee
- James Tworek
- George Tumor

And management:

- James Tworek – CEO
- Kim Kirkland – COO
- Tammy Gillis – CFO

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 period ended November 30, 2023 and 2022 as follows:

	<b>November 30, 2023</b>	November 30, 2022
	\$	\$
Consulting fees	<b>124,600</b>	37,500
Director and management fees	<b>80,250</b>	84,000
Professional fees	<b>5,000</b>	-
<b>Total</b>	<b>209,850</b>	121,500

Consulting fees consists of \$122,100 (November 30, 2022 - \$Nil) paid to a company controlled by the COO, \$2,500 (November 30, 2022 - \$Nil) paid to a company controlled by the former CFO, Heide Gutte and \$Nil (November 30, 2022 - \$37,500) were paid to a company controlled by a former director, Konstantin Lichtenwald.

Director and management fees consist of \$54,000 (November 30, 2022 - \$30,000) paid to a company controlled by the CEO, \$10,500 (November 30, 2022 - \$Nil) paid to the CFO, \$6,000 (November 30, 2022 - \$Nil) paid to a company controlled by the Chair of the Audit Committee, \$6,000 (November 30, 2022 - \$Nil) paid to a director, George Tumor, \$3,750 (November 30, 2022 - \$Nil) paid to a company controlled by the former CFO, Heidi Gutte, \$Nil (November 30, 2022, - \$6,000) paid to a company controlled by a former director, Konstantin Lichtenwald, \$Nil (November 30, 2022 - \$6,000) paid to Neil Pettigrew, \$Nil (November 30, 2022 - \$36,000) paid to Antonios Maragakis, \$Nil (November 30, 2022 - \$6,000) paid to Shane Williams;

Accounting fees presented as part of professional fees consist of \$5,000 (November 30, 2022 - \$Nil) to a company controlled by the Chair of the Audit Committee.

As at November 30, 2023, a total amount of \$798,693 (August 31, 2023 - \$627,898) was due to key management personnel and was included in trade payables and accrued liabilities. This amount is non-interest bearing and due on demand.

	<b>November30, 2023</b>	August 31, 2023
	\$	\$
Due to a company controlled by the CEO	<b>165,663</b>	128,410
Due to the CFO	<b>7,350</b>	-
Due to the spouse of the CEO	<b>5,000</b>	5,000
Due to the former CFO, Heidi Gutte	<b>32,990</b>	17,758
Due to a company controlled by the COO	<b>350,652</b>	236,941
Due to companies controlled by directors	<b>211,200</b>	219,951
Due to directors	<b>6,000</b>	-
Due to companies controlled by a former director	<b>9,250</b>	9,250
Due to the spouse of a former director	<b>10,588</b>	10,588
<b>Total</b>	<b>798,693</b>	<b>627,898</b>

#### **Other related party transactions**

On September 8, 2023, in connection with the non-brokered financing of 145 corporate note units, Neil Pettigrew and George Tumur collectively participated in 120 units whereby the Company issued collectively 240,000 share purchase warrants to Neil Pettigrew and George Tumur with an exercise price of \$0.50 per warrant. Each share purchase warrant is exercisable into one common share of the Company at an exercise price of \$0.50 per share expiring on the earlier of (i) September 8, 2026 and (ii) in the event that the volume weighted average price (VWAP) of the common shares equals or exceeds \$1.20 per share on the CSE for ten consecutive trading days after the date that is four months and one day from September 8, 2023.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company entered into a non-revolving Equity Drawdown Facility (the “Facility”), as amended, that allows the Company to utilize funding for an aggregate amount of \$10,000,000. The Company can draw down funds from the Facility from time to time during the three-year term at the Company’s discretion by providing a notice (“Drawdown Notice”) to the investor Crescita Capital LLC (“Investor”), and in return for each Drawdown Notice, the Company will allot and issue fully paid shares to the Investor in form of a “Private Placement”. As at the Report Date, the Company may draw down an additional \$2,895,500.

During the period ended November 30, 2023, the Company received \$Nil (August 31, 2023 - \$1,934,500) from the Facility, issued 351,956 common shares (August 31, 2023 – 3,270,000 common shares) and reserving \$865,500 (August 31, 2022- \$965,500) value of common shares for future issuance. During the year ended August 31, 2023, a total of \$Nil (August 31, 2022 - \$2,500,000) was converted into a Promissory Note.

As at the Report Date, the Company issued 8,300,000 common shares valued at \$830,000, leaving the share subscriptions received in advance totaling \$35,500.

#### **ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended November 30, 2023, and have not been early adopted in preparing the interim condensed consolidated financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company’s consolidated financial statements.

## **OUTSTANDING SHARE DATA**

As at the Report Date, the Company had 50,843,896 (November 30, 2023 - 13,051,756) common shares issued and outstanding.

As at the Report Date, the Company had 1,673,309 (November 30, 2023 - 1,673,309) share purchase warrants outstanding.

As at the Report Date, the Company had 422,500 (November 30, 2023 - 462,500) stock options outstanding.

## **CAPITAL MANAGEMENT**

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 November 30, 2023, was \$25,252 (August 31, 2023 - \$8,890).

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 period ended November 30, 2023.

## **FINANCIAL INSTRUMENTS**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity, credit, foreign exchange rate and interest rate. Where material, these risks are reviewed and monitored by the Board of Directors.

### 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 November 30, 2023, the Company had a cash balance of \$25,252 (August 31, 2023 – \$8,890) and amounts receivable of \$19,657 (August 31, 2023 – \$11,446) to settle current liabilities due in twelve months or less of \$7,239,488 (August 31, 2023 – \$6,376,871) 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 November 30, 2023, the Company has access to \$2,895,500 through its Equity Drawdown Facility (See Off-Balance Sheet arrangements in this MD&A).

### Currency Risk

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

## **INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Management has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the Report Date. Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. Management will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional personnel in order to provide greater segregation of duties. Since there is insufficient work at this time to warrant the additional costs, management has chosen to disclose the potential risk in its filings and proceed with increased personnel only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by management of the financial reports, and the integrity and reputation of senior accounting personnel.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

Information provided in this MD&A, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future value for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management maintains a system of internal controls to provide reasonable assurances that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

## **RISK FACTORS**

Risk is inherent in all business activities and cannot be entirely eliminated. Our goal is to enable the Company's business processes and opportunities by ensuring that the risks arising from our business activities, the markets and political environments in which we operate are mitigated. The risks and uncertainties described in the MD&A for the year ended August 31, 2023 are considered by management to be the most important in the context of the Company's business and are substantially unchanged as of the Report Date. Those risks and uncertainties are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may apply.

## **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 Project. (See Proposed Transactions in this MD&A).

For the periods ended November 30, 2023 and November 30, 2022, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

## **APPROVAL**

The Board of Directors of the Company has approved the disclosure contained in this MD&A.