Element79 Gold Corps.

Condensed Interim Consolidated Financial Statements
For the Six months ended February 29, 2024 and 2023

(Expressed in Canadian dollars)

Notice of No Auditor Review of Interim Condensed Financial Statements

The accompanying unaudited interim condensed financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

April 24, 2024

Element79 Gold Corp.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Notes	As at February 29, 2024	As at August 31, 2023
ASSETS		**$**	$
Current assets			
Cash		**8,667**	8,890
Amounts receivable		**64,194**	11,446
Prepaid expenses	6	**111,852**	98,500
Reclamation deposit	4	**11,764**	11,764
Assets held for sale	7	**3,219,233**	3,135,532
Total current assets		**3,415,710**	3,266,132
Exploration and evaluation assets	4	**13,754,480**	13,357,020
Investment	5	**2,041,634**	2,041,634
Deferred financing charges	8	**347,025**	423,538
TOTAL ASSETS		**19,558,849**	19,088,324
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11	**2,094,016**	1,967,664
Due to related parties	13	**656,449**	627,898
Loans payable	9	**1,319,663**	3,129,060
Provisions – current	12	**1,785,285**	652,249
Total current liabilities		**5,855,413**	6,376,871
Convertible debenture	10	**1,793,026**	1,657,532
Loan payable – long-term	9	**147,993**	-
Provisions – long-term	12	**1,463,089**	2,557,204
TOTAL LIABILITIES		**9,259,521**	10,591,607
EQUITY			
Share capital	14	**28,044,779**	24,013,946
Treasury stock to be cancelled	14	**(31,680)**	(114,978)
Share subscriptions received in advance	8,14	**35,500**	965,500
Contributed surplus	14	**897,351**	897,351
Equity component of convertible debenture	10	**433,707**	433,707
Accumulated other comprehensive income		**234,086**	117,249
Non-controlling interest	2,4	**34,883**	-
Deficit		**(19,349,298)**	(17,816,058)
TOTAL EQUITY		**10,299,328**	8,496,717
TOTAL EQUITY AND LIABILITIES		**19,558,849**	19,088,324

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 19)
Subsequent events (Note 20)

APPROVED BY THE BOARD:

"Zara Kanji"
Zara Kanji

"Antonios Maragakis"
Antonios Maragakis

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

Element79 Gold Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For The Six Months Ended February 29, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Notes	Three months ended **February 29, 2024**	Three months ended **February 28, 2023**	Six months ended **February 29, 2024**	Six months ended **February 28, 2023**
		$	$	$	$
Expenses					
Advisory fees		**22,275**	-	**70,524**	-
Consulting fees	12	**131,916**	297,055	**322,286**	1,368,786
Director fees	12	**42,000**	42,000	**60,000**	42,000
Exploration costs	18	**1,800**	(22,844)	**1,800**	18,284
Financing fee		**-**	(47,643)	**-**	210,935
Insurance		**-**	23,202	**18,056**	23,202
Investor relations and marketing		**123,010**	156,705	**178,161**	272,179
Management fees	12	**41,725**	10,000	**132,750**	120,000
Office expenses		**11,439**	(64,175)	**19,568**	73,888
Professional fees	12	**35,138**	43,875	**78,684**	102,872
Transfer agent, Listing and filing fees		**25,047**	5,910	**31,011**	14,477
Net loss before other items		**(434,350)**	(444,085)	**(912,840)**	(2,246,623)
Other items					
Accretion expense	9,11	**(133,282)**	(175,868)	**(298,436)**	(362,753)
Gain/(loss) on settlement of debt	13	**(242,750)**	288,552	**(242,750)**	939,868
Foreign exchange loss		**195**	(146,453)	**-**	(148,098)
Other income		**-**	5,415	**-**	4,520
Interest expense	8	**(32,329)**	-	**(83,331)**	-
Loss on discontinued operations		**-**	(1,045,059)	**-**	(1,045,059)
Net loss for the period		**(842,516)**	(1,517,498)	**(1,537,357)**	(2,858,145)
Other comprehensive loss					
Foreign currency translation		**99,872**	209	**116,837**	(27,309)
Comprehensive loss for the period		**(742,644)**	(1,517,289)	**(1,420,520)**	(2,885,454)
Attributable to:					
Equity holders of the parent		**(738,527)**	(1,517,289)	**(1,416,403)**	(2,885,454)
Non-controlling Interests		**(4,117)**	-	**(4,117)**	-
Loss per share					
Basic and diluted		**(0.03)**	(0.02)	**(0.07)**	(0.04)
Weighted average number of common shares issued and outstanding		**31,466,054**	83,442,009	**22,446,186**	81,405,066

Element79 Gold Corp.
Condensed Interim Consolidated Statements of Cash Flows
For The Six Months Ended February 29, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	February 29, 2024	February 28, 2023
	$	$
OPERATING ACTIVITIES		
Net loss for the period	**(1,537,357)**	(2,858,145)
Non-cash items		
Financing fees	**-**	210,935
Accretion expense	**298,436**	362,753
Interest expense	**83,596**	-
Exchange gain/loss	**(124,021)**	-
(Gain)/loss on settlement of debts	**242,750**	(939,868)
Loss on discontinued operations	**-**	1,045,059
Changes in operating working capital:		
Prepaid expenses	**(13,352)**	2,893
Amounts receivable	**(52,748)**	8,079
Asset held for sale	**(44,701)**	-
Trade payables and accrued liabilities	**369,004**	1,868,651
Due to related parties	**28,551**	-
Cash used in operating activities	**749,842)**	(299,643)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures	**(282,218)**	(712,436)
Cash used in investing activities	**(282,218)**	(712,436)
FINANCING ACTIVITIES		
Shares issued for private placements	**600,000**	-
Loan payable	**115,000**	-
Share subscriptions received in advance	**-**	538,500
Promissory notes	**200,000**	544,101
Cash provided from financing activities	**915,000**	1,082,601
Change in cash	**(117,062)**	70,522
Cash, beginning of the period	**8,890**	5,021
Effect of foreign exchange translation	**116,837**	-
Cash, end of the period	**8,667**	75,543

Supplemental cash flow information (Note 15)

Element79 Gold Corp.
Condensed Interim Consolidated Statements of Changes in Equity
For The Six Months Ended February 29, 2024 and 2023
(Unaudited - Expressed in Canadian dollars)

	Number of common shares	Share capital	Treasury stock to be cancelled	Share subscriptions received in advance	Contributed surplus	Equity component of convertible debenture	Foreign currency translation reserve	Non-Controlling Interest	Deficit	Total
		$	$	$	$	$	$	$	$	$
Balances, August 31, 2022	**73,452,860**	**19,836,469**	**-**	**1,670,000**	**908,007**	**-**	**204,910**		**(5,596,518)**	**17,022,868**
Shares issued for subscription received in advance	4,700,000	681,500	-	(940,000)	-	-	-		-	**(258,500)**
Shares issued for debt settlement	4,967,035	657,134	-	-	-	-	-		-	**657,134**
Share subscription	-	-	-	538,500	-	-	-		-	**538,500**
Share issue cost	-	(84,630)	-	-	-	-	-		-	**(84,630)**
Shares issued for mineral properties	466,798	67,100	-	-	-	-	-		-	**67,100**
Disposal of mineral property	-	-	-	-	-	-	-		41,047	**41,047**
Foreign Currency reserve	-	-	-	-	-	-	(27,309)		-	**(27,309)**
Net loss for the period	-	-	-	-	-	-	-		(2,858,145)	**(2,858,145)**
Balances, February 28, 2023	**83,586,693**	**21,157,573**	**-**	**1,268,500**	**908,007**	**-**	**177,601**	**-**	**(8,413,616)**	**15,098,065**
Balances, August 31, 2023	**12,787,465**	**24,013,946**	**(114,978)**	**965,500**	**897,351**	**433,707**	**117,249**	**-**	**(17,816,058)**	**8,496,717**
Shares issued against equity drawdown facility	8,651,956	930,000	-	(930,000)	-	-	-	-	-	**-**
Shares issued for private placement	5,309,735	600,000	-	-	-	-	-	-	-	**600,000**
Shares issued for debt settlement	23,030,000	2,545,402	-	-	-	-	-	-	-	**2,545,402**
Shares returned to treasury	(87,682)	(83,298)	83,298	-	-	-	-	-	-	**-**
Share issuance cost	-	(76,513)	-	-	-	-	-	-	-	**(76,513)**
Shares issued for mineral properties	1,152,422	115,242	-	-	-	-	-	39,000	-	**154,242**
Foreign currency translation reserve	-	-	-	-	-	-	116,837	-	-	**116,837**
Net loss for the period	-	-	-	-	-	-	-	(4,117)	(1,533,240)	**(1,537,357)**
Balances, February 29, 2024	**50,843,896**	**28,044,779**	**(31,680)**	**35,500**	**897,351**	**433,707**	**234,086**	**34,883**	**19,349,298**	**10,299,328**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Element79 Gold Corp. ("Element79" or the "Company") was incorporated under the Company Act (British Columbia) on February 27, 2020. Element79 is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in Peru, Canada and the United States of America. The Company is listed on the Canadian Stock Exchange ("the Exchange") with the trading symbol ELEM, on the OTC with a trading symbol ELMGF and on the Frankfurt Stock Exchange with the trading symbol 7YS.

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

Going concern

These unaudited interim condensed consolidated financial statements (the "Financial Statements") have been prepared on a going concern basis, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 29, 2024, the Company had cash of $8,667 (2023 - $8,890), current liabilities of $5,855,413 (2023 - $6,376,871) and has incurred accumulated losses of $19,349,298 (2023 - $17,816,058) since inception.

The Company is a mineral exploration company focusing on the acquisition and development of mineral property interests. The Company's continuation as a going concern and the underlying value and recoverability of the carrying amounts for exploration and evaluation assets are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to raise equity capital or borrowings sufficient to meet current and future obligations and to complete the exploration and development of mineral property interests, and achievement of future profitable production or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statements of financial position. These Financial Statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of the financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

These Financial Statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These Financial Statements are presented in Canadian dollars, except where otherwise indicated, and all values are rounded to the nearest dollar except per share values. The functional currency of the Company and its Canadian subsidiaries is the Canadian dollar. The functional currency of the Company's Peruvian subsidiaries is the Peruvian new sol, which is determined to be the currency of the primary economic environment in which the subsidiaries operate.

The Financial Statements were approved and authorized for issue by the directors of the Company on April 24, 2024.

Statement of Compliance and Presentation

These Financial Statements, including comparatives, have been prepared in accordance with accounting policies in compliance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These Financial Statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements of the Company. These Financial Statements do not contain all of the information required for full annual financial statements. Accordingly, these Financial Statements should be read in conjunction with the Company's August 31, 2023, annual consolidated financial statements, which were prepared in accordance with IFRS as issued by the IASB.

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Consolidation

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

Subsidiary	Ownership Interest (2024)	Ownership Interest (2023)	Jurisdiction	Nature of Operations
Calipuy Resources Inc. ("Calipuy")	**100%**	100%	BC, Canada	Holding company
Calipuy Holdings Inc.	**100%**	100%	BC, Canada	Holding company
1316524 B.C. Ltd	**100%**	100%	BC, Canada	Inactive
Synergy Metals Inc. ("Synergy")	**83.68%**	100%	BC, Canada	Start-up
ELEM US Holdings LLC	**100%**	100%	NV, USA	Holding company
ELEM Maverick Springs LLC	**100%**	100%	NV, USA	Holding company
ELEM Battle Mountain LLC	**100%**	100%	NV, USA	Holding company
Compania Minera Calipuy S.A.C.	**100%**	100%	Peru	Holding company
Minas Lucero Del Sur S.A.C.	**100%**	100%	Peru	Mining and exploration
Minera Machacala S.A.C.	**-**	100%	Peru	Mining and exploration
Compania Minera SFJ S.A.C.	**-**	100%	Peru	Mining and exploration

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

Effective on February 18, 2023, the Company terminated its acquisition of interest in the Machacala mine project and Urumalqui project to mutual satisfaction with the counterparties. Pursuant to the termination of these agreements, the Company will return 121,030 common shares to the treasury and return all shares of Minera Machacala S.A.C. and Compania Minera SFJ S.A.C., which were acquired through the acquisition of Calipuy to their former owners.

On December 1, 2023 Synergy issued 390,000 common shares priced at $0.10 per share issued in book entry form for the acquisition of Dale property. Due to this, the Company ceased to hold 100% interest in the Synergy and the remaining ownership interest of Element 79 Gold Corp is 83.68%.

<u>Control</u>

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

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

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control over the subsidiary. Assets, liabilities, revenues and expenses of a subsidiary acquired or disposed of during the six months period ended February 29, 2024 are included in the Financial Statements from the date the Company gains control until the date when the Company ceases to control the subsidiary.

2. BASIS OF PREPARATION (continued)

Consolidation (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Judgements and Estimates

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

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

The critical judgements and estimates applied in the preparation of these Financial Statements are consistent with those applied in and disclosed in note 3 of the audited consolidated financial statements for the year ended August 31, 2023.

Recent accounting pronouncements

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

(Unaudited - Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation properties include the following amounts:

	Dale Property	Nevada Portfolio	Peruvian Properties	Total
ACQUSITION COSTS	**$**	**$**	**$**	**$**
Balance, August 31, 2022	**62,600**	**10,738,805**	**14,887,437**	**25,688,842**
Shares issued	33,000	-	40,000	73,000
Subsequent acquisition payment	-	2,000,000	-	2,000,000
Assets held for sale	(95,600)	(2,459,369)	-	(2,554,969)
Disposal	-	(1,929,019)	-	(1,929,019)
Termination	-	-	(3,230,972)	(3,230,972)
Impairment	-	(6,936,149)	(229,850)	(7,165,999)
Total Acquisition Costs at August 31, 2023	**-**	**1,414,268**	**11,466,615**	**12,880,883**
Shares issued	-	115,242	-	115,242
Cash consideration received	15,000	(75,000)	-	(60,000)
Balance, February 29, 2024	**15,000**	**1,454,510**	**11,466,615**	**12,936,125**
EXPLORATION AND EVALUATION COSTS				
Balance, August 31, 2022	**176,995**	**217,681**	**8,252**	**402,928**
Assaying and sampling	365	2,555	92	3,012
Claims maintenance fee	-	638,704	-	638,704
Exploration program	33,075	4,023	324,055	361,153
Field expenses	-	13,721	-	13,721
Environmental	-	744	-	744
Geological reports	21,765	-	-	21,765
Royalties	-	136,000	-	136,000
Assets held for sale	(232,200)	(348,363)	-	(580,563)
Disposal	-	(112,615)	-	(112,615)
Termination	-	-	(3,784)	(3,784)
Impairment	-	(404,928)	-	(404,928)
Total Exploration Costs at August 31, 2023	**-**	**147,522**	**328,615**	**476,137**
Exploration program	-	4,340	337,878	342,218
Total Exploration Costs at February 29, 2024	**-**	**151,862**	**666,493**	**818,355**
Balance at February 29, 2024	**15,000**	**1,606,372**	**12,133,108**	**13,754,480**

Dale Property

The Company entered into a property option agreement, as amended, with Jean Marc Gaudreau ("Optionor") to acquire a 100% right, title and interest in and to 90 mineral claims located in Ontario, Canada subject to a Net Smelter Return ("NSR") royalty.

Pursuant to the property option agreement, as amended, in order to exercise the option, the Company must complete the following requirements:

a) Make aggregate cash payments of $126,000 as follows:

  (i) $12,000 within 30 days of the date of the option agreement (paid)
  (ii) $15,000 on or before December 31, 2021 (paid)
  (iii) $48,000 on or before December 31, 2023 ($48,000 paid as at the report date)
  (iv) $51,000 on or before December 31, 2024

4. EXPLORATION AND EVALUATION ASSETS (continued)

Dale Property (continued)

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 (issued 390,000 common shares including 30,000 as bonus shares)
   (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 transferred of all rights and data related to the Dale Property to its newly-created, wholly owned subsidiary, Synergy. The Company intends to spin out and sell Synergy through a Plan of Arrangement. As a result, Dale property with a cost of $327,800 was reclassified from exploration and evaluation assets to assets available for sale.

During the period ended February 29, 2024, 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.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Portfolio

On December 17, 2021, the Company closed a securities exchange agreement (the "Securities Exchange Agreement") with 1316524 B.C. Ltd. ("Goldco"). Under the terms of the Securities Exchange Agreement, the Company has acquired all of the issued and outstanding shares of Goldco (Notes 13 and 19). Goldco, had previously entered into the asset purchase agreement with Clover Nevada LLC ("Clover"), a wholly owned subsidiary of Waterton Precious Metals Fund II Cayman LP, and Maverick Springs Mining Company LLC, a wholly owned subsidiary of Clover, to acquire 100% of their rights, titles and interests in and to the Maverick Springs project and the Battle Mountain projects (the "Asset Purchase Agreement"). On December 23, 2021, the Company has fully closed on an asset purchase agreement acquiring the flagship Maverick Springs project and 15 additional projects that comprise the Battle Mountain portfolio, located in the gold mining regions of northeastern Nevada.

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

(i) $500,000 deposit (advanced by Goldco)
(ii) $1,500,284 cash payment (paid)
(iii) Issuance of 509,573 common shares of the Company to the vendors (issued)
(iv) Issuance of Contingent Value Right ("CVR") to Waterton Nevada Splitter LLC ("Splitter LLC"), a subsidiary of Waterton.

Pursuant to the CVR, Splitter LLC is entitled to receive the following:

(i) Cash payment of $2,000,000 payable on the earlier of the occurrence of commercial production and the date that is 12 months following the closing of the asset purchase agreement. During the year ended August 31, 2023, the Company has worked with Waterton to create an alternate structure of the CVR. As part of the terms of the updated payment agreement, the final $2,000,000 milestone payment due will be converted into a two-year, zero-coupon debt facility with a conversion option at a price of $0.15 and a 10% default interest rate. Prepayment by the Company is possible with a 60-day advance notice and paid at a 10% premium to the principal amount remaining (Note 9).
(ii) Second payment of $284, in cash or common shares of the Company, on the date that is 18 months following the closing of the asset purchase agreement (prepaid by the Company concurrently with closing).
(iii) Security interest in Maverick Springs and the Battle Mountain portfolio, to be released upon completion of the payment under the CVR.

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

(i) Vote all shares of the Company it holds in accordance with the recommendations of the Company's management within 2 years from the closing date.
(ii) retain 50% of the common shares of the Company issued to it pursuant to the asset purchase agreement for at least six months and the remaining 50% for at least 12 months after closing of the option agreement; and
(iii) grant the Company a right of first offer in relation to the sale of any common shares of the Company held by Splitter LLC.

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

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

4. EXPLORATION AND EVALUATION ASSETS (continued)

Nevada Portfolio (continued)

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, as amended, are as follows:

Green Power must, subject to certain conditions precedent, pay a total option fee equal to Cdn$66,000 (paid) for an option to acquire the Maverick Springs until September 30, 2023. Green Power may extend such option by mutual agreement between parties by making an additional payment of US$100,000. During the period ended February 29, 2024, the Maverick Springs Transaction was extended to March 24, 2024 by a payment of US$100,000 from Green Power to the Company. On January 12, 2024, both parties agreed to extend to July 10, 2024 by making a further option extension fee of $75,000.

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

(i) Issue to the Company (or its nominee), 3,500,000 fully paid ordinary shares; and
(ii) Pay to the Company a total of $4,400,000 in cash.

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

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

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

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

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

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties

Lucero mine project

On December 21, 2020 (the “MLDS Closing Date”), the Company’s subsidiary Calipuy entered into a share purchase agreement (the “MLDS Agreement”) with Condor Resources Inc. (“Condor”) to acquire all issued and outstanding shares of Minas Lucero Del Sur S.A.C (“MLDS”), a wholly owned subsidiary of Condor, which owns certain rights, titles and interests in and to the Lucero mine project in the District of Chacas in Peru.

Pursuant to the MLDS Agreement, as amended, the Company is obligated to make a total cash payment of US$1,965,000 (the MLDS Cash Payment) as follows:

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

In addition to the MLDS Cash Payment, the Company will make an additional cash payment of US$1,535,000 (the “MLDS Final Cash Payment”) to Condor on or before December 31, 2026, in an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$3,500,000*. Unless, the Company accelerates the MLDS Cash Payment and all such MLDS Cash Payment are made within thirty-six (36) months of the MLDS Closing Date. In which case, the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$3,000,000;

* collectively the “MLDS Subsequent Cash Payment”

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

(i) the price of gold averages not less than US$2,500 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$4,000,000; or
(ii) the price of gold averages not less than US$3,000 per ounce during the 30 days prior to the payment date of the MLDS Final Cash Payment, in which case the MLDS Final Cash Payment shall be an amount equal to the additional amount required to make the total aggregate amount of the MLDS Cash Payment and the MLDS Final Cash Payment to be US$6,000,000.

Using a risk-adjusted discount rate of 12%, the fair value of the MLDS Subsequent Cash Payment was calculated as US$2,362,861 and recorded the provision at the MLDS Closing Date, which will be accreted to the face value during the term of the MLDS Subsequent Cash Payment. As at February 29, 2024, the book value of MLDS Subsequent Cash Payment has been accreted to $3,133,132 (August 31, 2023 - $3,209,453) (Note 11).

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

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

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

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

(i) payment of US$100,000 to be paid on or before January 31, 2023 (paid - $133,500)
(ii) payment of US$200,000 to be paid on or before March 31, 2023 (paid - $269,900).

As a consideration for the rescheduled payments, the Company issued 25,000 common shares valued at $40,000 to Condor on December 21, 2022. All other terms of the sale of MLDS remain unchanged.

On December 19, 2023, the Company and Condor have agreed to reschedule the US$500,000 payment due on or before December 31, 2023, into two tranches. Twenty five percent of the payment (US$125,000) will be satisfied now by the issuance of common shares of Element79 (issued). The balance of US$375,000 is due on or before March 31, 2024. 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 (Note 19).

Machacala mine project

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

Pursuant to the Machacala Agreement, the Company is obligated to make a total cash payment of $4,132,500 (the "Machacala Subsequent Payment") over a period of five years.

The Company has an option to satisfy the Machacala Subsequent Payment by issuing the Company's common shares equal to the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, the fair value of the Machacala Subsequent Payment was calculated as $2,750,706 and recorded the provision at the Machacala Closing Date (Note 11), which will be accreted to the face value during the term of the Machacala Subsequent Payment.

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

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

Urumalqui project

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

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

4. EXPLORATION AND EVALUATION ASSETS (continued)

Peruvian Properties (continued)

The Company has an option to satisfy the SFJ Subsequent Payment by issuing the Company's common shares equal the payment amount determined using the fair value of the Company's common shares on the date of issuance.

Using a risk-adjusted discount rate of 12%, the fair value of the SFJ Subsequent Payment was calculated as $144,774 and recorded the provision at the SFJ Closing Date (Note 11), which will be accreted to the face value during the term of the SFJ Subsequent Payment.

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

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

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

Termination of Machacala mine project and Urumalqui project

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

Pursuant to the termination of these agreements, the Company will return 121,030 common shares to the treasury and return all shares of Minera Machacala S.A.C. and Compania Minera SFJ S.A.C., which were acquired through the acquisition of Calipuy, to their former owners. 87,683 common shares were returned during the period ended February 29, 2024.

As a result of the termination, the Company reduced the balance on its exploration and evaluation assets by $3,464,606 , after recognizing an impairment loss of $229,850, reduced the balance on the provisions liabilities by $3,107,673 (Note 11), reduced the net liabilities of Minera Machacala S.A.C. and Compania Minera SFJ S.A.C on the termination date, and recognized the treasury stock to be cancelled at its fair value of $114,978 (Note 13).

Reclamation deposit

As at February 29, 2024, the reclamation deposit in the amount of $11,764 is related to Battle Mountain portfolio projects and Maverick Springs project within Nevada Portfolio.

5. INVESTMENT

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

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

In accordance with IFRS 9, the Company initially recorded the investment in Centra at cost of $2,041,634, which approximates fair value. As at February 29, 2024, the investment remained at $2,041,634.

(Unaudited - Expressed in Canadian dollars)

6. PREPAIDS

	February 29, 2024 $	August 31, 2023 $
Advisory fees	15,000	-
Consulting fees	43,833	-
Rent and Storage	1,299	30,000
Legal	2,145	-
Marketing	37,379	67,500
Transfer agent and filing fees	1,250	-
Other prepayments to vendors	10,946	1,000
	111,852	98,500

7. ASSETS HELD FOR SALE

Dale property, certain Battle Mountain portfolio projects and Maverick Springs project were classified as assets held for sale totaling $3,219,233 (August 31, 2023 - $3,135,532) (Note 4).

8. EQUITY DRAWDOWN FACILITY

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

In connection with the Facility, the Company paid a 3% commission in shares (300,000 common shares valued at $150,000) and issued 339,405 share purchase warrants, being 8.5% of the outstanding shares of the Company at the time of closing of the Facility. Each of the share purchase warrants can be exercised to purchase one common share of the Company at a price of $1.00 per share until October 1, 2023. The share purchase warrants have been valued at $208,724 using Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.25%, volatility of 100%, dividend yield of 0.00%, and expected life 3 years.

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

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

In addition to providing for the additional $5,000,000 equity drawdown commitment, the Amendment provides an additional requirement for the Company to make a top up payment to the Investor in the event that the volume weighted average price of the Company's common shares is less than the subscription price paid by the Investor for a particular drawdown in the 30 days following the drawdown and amends the fees payable to the Investor for the second commitment. The Company paid an 8% financing fee to the Investor on the additional commitment satisfied by the issuance of 53,333 common shares of the Company valued at $464,000 (Note 13). The value of the financing fees is recorded as a deferred financing charge to be amortized based on the amount drawn down from the Facility.

8. EQUITY DRAWDOWN FACILITY (continued)

During the period ended February 29, 2024, the Company received $Nil (August 31, 2023 - $1,934,500) from the Facility, issued 8,651,956 common shares (August 31, 2023 – 3,270,000 common shares) (Note 13) and reserved $35,500 (August 31, 2023 - $965,500) value of common shares for future issuance.

As at February 29, 2024, the carrying amount of the deferred financing charges is $347,025 (August 31, 2023- $423,538) and the share subscriptions received in advance total $35,500 (August 31, 2023 - $965,500).

9. LOANS PAYABLE

In relation to the amendment of the equity drawdown facility agreement (Note 7), on July 18, 2022, the Company issued a promissory note of $2,500,000 with an interest rate of 6% per annum to reflect the Outstanding 2021 Funds (amounts advanced to the Company during the initial term of the Facility during 2021 and outstanding on July 18, 2022). $2,000,000 of the loan payable was assigned to a new third-party lender. During the period ended February 29, 2024, the Company repaid $2,000,000 with a debt settlement agreement by issuing 20,000,000 common shares at $0.10 per share and accrued $54,658 (February 28, 2023 - $74,384) interest with respect to this promissory note. The total balance due, including accrued interest, as at February 29, 2024 was $722,740 (August 31, 2023– $2,668,082).

On September 12, 2022, the Company borrowed a total of $544,420 from different lenders (the "Nevada Promissory Notes") to pay Nevada projects concessions totaling US$404,250 (US$363,495 for Battle Mountain portfolio and US$40,755 for Maverick Springs project). During the period ended February 29, 2024, the Company repaid $25,000 (August 31, 2023 - $150,000) of the promissory notes. The balance of the Nevada Promissory Notes as at February 29, 2024, was $383,192 (August 31, 2023 - $408,192).

On May 10, 2023, the Company borrowed $50,000 from an arm's length party that is due on demand. Interest is payable at a rate of 18% per annum due on demand. On January 12, the Company repaid $55,000 with a debt settlement agreement by issuing 550,000 common shares at $0.10 each. As at February 29, 2024, the loan payable amount consists of $Nil (August 31, 2023 - $50,000) principal and $1,511 (August 31, 2023 - $2,786) accrued interest.

On September 8, 2023, the Company completed a non-brokered financing of 145 corporate note units (each, a "Unit") at a price of $1,000 per Unit for gross proceeds of $145,000, of which $20,000 was received during the year ended August 31, 2023 and included in trade payables and accrued liabilities and the balance $125,000 was received during period ended February 29, 2024. Each Unit will be composed of (i) $1,000 in principal amount of an unsecured note (the "Note"), and (ii) 2,000 common share purchase warrants (each, a "Warrant"). Each warrant will be exercisable into a common share of the Company at a price of $0.50 per share for three years from issuance. The Note will bear interest at 18% simple interest per annum (calculated not in advance), have a maturity date of 24 months from issuance and will be open for prepayment after 60 days. As at February 29, 2024, the loan payable amount consists of $135,000 (August 31, 2023 - $Nil) principal and $12,993 (August 31, 2023 - $Nil) accrued interest.

10. CONVERTIBLE DEBENTURE

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

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

(Unaudited - Expressed in Canadian dollars)

10. CONVERTIBLE DEBENTURE (continued)

The unamortized discount on the convertible debenture as at February 29, 2024 was $433,707 (August 31, 2023 - $342,468) and the carrying value of the debenture was $1,793,026 (August 31, 2023 - $1,657,532). For the period ended February 29, 2024, the Company recorded an accretion expense of $135,494 (February 28, 2023 - $Nil).

11. TRADE PAYABLES AND ACCRUED LIABILITIES

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

As at	February 29, 2024 $	August 31, 2023 $
Trade payables	**2,015,746**	1,685,293
Accrued liabilities	**78,270**	282,371
Trade payables and accrued liabilities	**2,094,016**	1,967,664

12. PROVISIONS

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

	MLDS $	Machacala $	Urumalqui $	Total $
As at August 31, 2022	**3,138,313**	**2,792,104**	**146,953**	**6,077,370**
Add: Accretion	384,653	160,185	8,431	553,269
Effect of movements in exchange rates	89,887	-	-	89,887
Less: Payment	(403,400)	-	-	(403,400)
Disposal	-	(2,952,289)	(155,384)	(3,107,673)
As at August 31, 2023	**3,209,453**	**-**	**-**	**3,209,453**
Add: Accretion	162,943	-	-	**162,943**
Effect of movements in exchange rates	(124,021)	-	-	**(124,021)**
As at February 29, 2024	**3,248,375**	**-**	**-**	**3,248,375**
Current portion	1,785,285	-	-	1,785,285
Long-term portion	1,463,089	-	-	1,463,089

During the period ended February 29, 2024, the Company recognized $162,942 accretion cost (February 28, 2023 - $362,752) with a corresponding increase in the carrying value of the provisions. In February 2023, the Company terminated the acquisition agreement for Machacala mine project and the Urumalqui project. As a result, the Company wrote off the provisions for the Machacala Subsequent Payment and the SFJ Subsequent Payment.

As of February 29, 2024, the carrying value of the provisions was $3,248,375 (August 31, 2023 – $3,209,453) of which $1,785,285 (August 31, 2023 - $652,249) was classified as a current liability.

(Unaudited - Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

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

Key management personnel compensation

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

The remuneration of key management personnel for the period ended February 29, 2024 and 2023 as follows:

	February 29, 2024 $	February 28, 2023 $
Consulting fees	**164,100**	50,000
Director and management fees	**180,750**	164,000
Accounting fees	**22,500**	-
Total	**367,350**	214,000

Amounts due from key management personnel

As at February 29, 2024, a total amount of $656,449 (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.

	February 29, 2024	August 31, 2023
	$	$
Due to a company controlled by the CEO	**78,725**	128,410
Due to the CFO	**9,925**	-
Due to the spouse of the CEO	**-**	5,000
Due to a company controlled by the former CFO	**2,990**	17,758
Due to a company controlled by the COO and former VP Global Exploration	**323,430**	236,941
Due to companies controlled by directors	**183,125**	219,951
Due to directors	**48,254**	-
Due to companies controlled by a former director	**10,000**	9,250
Due to the spouse of a former director	**-**	10,588
Total	**656,449**	627,898

Other related party transactions

On September 8, 2023, in connection with the non-brokered financing of 145 corporate note units, certain directors collectively subscribed to 120 units (Note 8) whereby the Company collectively issued 240,000 share purchase warrants to certain directors with an exercise price of $0.50 per warrant for a period of 3 years from the issue date, subject to acceleration clause (Note 13).

During the period ended February 29, 2024, the Company entered into debt settlement agreement with various former and current related parties to settle and aggregate debt of $12,000 (August 31, 2023 - $256,366) and issued 120,000 (August 31, 2023 – 260,780 common shares valued at $21,600 (August 31, 2023 - $255,569), resulting in a loss/ (gain) on settlement of debt of $9,600 (August 31, 2023 – $797 gain).

14. SHARE CAPITAL

Authorized share capital

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

During the period ended February 29, 2024, the Company consolidated the issued share capital on the basis of ten (10) old common shares for one (1) new common share ("the Consolidation"). Outstanding stock options and warrants were adjusted by the Consolidation ratio. All common shares and per common share amounts in these Financial Statements have been retroactively restated to reflect the Consolidation.

As at February 29, 2024, the Company had 50,843,896 (August 31, 2023 – 12,787,465) common shares issued and outstanding.

Share issuance

Share transactions for period ended February 29, 2024

During the period ended February 29, 2024, the Company issued an aggregate of 8,651,956 common shares valued at $930,000 to Crescita pursuant to the amended drawdown agreement (Note 7). In connection with the drawdown, deferred financing charge valued at $76,513 being amortized and classified as share issue costs.

During the period ended February 29, 2024, 87,682 common shares were returned to treasury with a fair value of $83,298 as a result of the termination of Machacala mine project and Urumalqui project (Note 4).

On December 28, 2023, the Company closed a private placement and issued 5,309,735 common shares valued at $0.113 for a gross consideration of $600,000.

During the period ended February 29, 2024, the Company entered into debt settlement agreements with various vendors to settle and aggregate debt of $2,303,000 and issued 23,030,000 common shares valued at $2,545,400, resulting in a loss on settlement of debt of $242,400.

On February 2, 2024, the Company issued 1,152,422 common shares valued at $115,242 to Condor as per the terms of the Lucero property purchase agreement.

Share transactions for year ended August 31, 2023

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

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

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

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

Treasury stock to be cancelled

On February 18, 2023, 121,030 common shares were returned to treasury with a fair value of $114,978 as a result of the termination of Machacala mine project and Urumalqui project (Note 4). 87,682 common shares were returned during the period ended February 29, 2024.

(Unaudited - Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Escrow securities

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

As at February 29, 2024, 65,093 common shares and 43,125 share purchase warrants were held in escrow.

Share subscriptions received in advance

During the period ended February 29, 2024, the Company received $Nil (August 31, 2023 - $1,934,500) from the Facility, issued 8,651,956 common shares valued at $930,000 and reserved $35,500 (August 31, 2023 - $965,500) value of common shares for future issuance.

Warrants

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

	Number of warrants	Weighted average exercise price $
Balance, August 31, 2022 and 2023	**3,205,214**	3.35
Granted	**290,000**	2.02
Expired	**(1,821,905)**	1
Balance, February 29, 2024	**1,673,309**	0.52

As at February 29, 2024, the following warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date	Weighted average remaining contracted life (years)
1,000,000	1.00	March 6, 2025	1.02
383,309	20.00	See below(1)	1.33
290,000(2)	0.50	September 8, 2026	2.02
1,673,309			**0.85**

(1) Performance bonus warrants
(2) Share purchase warrants

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

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

(1) Performance bonus warrants

(Unaudited - Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Performance warrants

On June 28, 2022, in connection with the acquisition of Calipuy, the Company granted 383,309 performance bonus warrants to acquire an aggregate of 383,309 common shares of the Company. Each performance bonus warrant is exercisable into one common share of the Company at an exercise price of $20.00 per share expiring on the earlier of (i) three years from the exercise eligibility date, subject to achievement of bonus performance target that is tied to producing a minimum production target of 9,000 tons of ore yielding a minimum of 1,500 oz gold within a 30-day production period, and (ii) five years from the date of issuance of the performance warrants.

Share purchase warrants

On September 8, 2023, in connection with a non-brokered financing of 145 corporate note units (Note 8), the Company granted 290,000 share purchase warrants to acquire an aggregate of 290,000 common shares of the Company. 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.

Stock options

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

Transactions during the year ended February 29, 2024

During period ended February 29, 2024, 40,000 stock options were cancelled due to termination of consulting agreement of the consultants and officers.

Transactions during the year ended August 31, 2023

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

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

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

(Unaudited - Expressed in Canadian dollars)

14. SHARE CAPITAL (continued)

Stock options (continued)

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

	February 29, 2024		August 31, 2023	
	Number of options	Weighted- average exercise price	Number of options	Weighted- average exercise price
				$
Outstanding, beginning	**462,500**	**2.12**	275,000	3.40
Granted	**-**	**-**	287,500	0.50
Expired/Cancelled	**(40,000)**	**2.12**	(100,000)	-
Outstanding, ending	**422,500**	**2.12**	462,500	2.12

The following table summarizes information regarding stock options outstanding and exercisable as at February 29, 2024:

Expiry date	Number of options	Exercise price	Remaining life in years
November 20, 2025	55,000	$1.00	1.73
December 31, 2025	50,000	$1.00	1.84
October 26, 2026	25,000	$13.70	2.66
November 4, 2026	-	$13.20	2.68
July 19, 2026	277,500	$0.50	2.39
February 2, 2027	15,000	$12.10	2.93
	422,500	$10.03	2.27

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

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

15. SUPPLEMENTAL CASH FLOW INFORMATION

During the period ended February 29, 2024 and August 31, 2023, the Company had the following non-cash investing and financing activity:

	Period ended	
	February 29, 2024	August 31, 2023
	$	$
Non-cash investing activities:		
Fair value of shares issued for exploration and evaluation assets	**31,944**	73,000
Issuance of convertible debentures for exploration and evaluation assets	**-**	2,000,000
Issuance of promissory notes for exploration and evaluation assets	**-**	544,101
Non-cash financing activities:		
Fair value of shares issued for debt settlements	**545,400**	1,782,390

(Unaudited - Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS

Categories of financial instruments

	Fair Value Hierarchy	February 29, 2024	August 31, 2023
		$	$
FINANCIAL ASSETS			
Financial assets, at amortized costs			
Cash	N/A	**8,667**	8,890
Amounts receivable	N/A	**64,194**	11,446
Financial assets, at fair value through profit and loss			
Investment	Level 3	**2,041,634**	2,041,634
Total financial assets		**2,114,495**	2,061,970
Other liabilities, at amortized cost			
Loans payable	N/A	**1,467,656**	3,129,060
Trade payables and accrued liabilities	N/A	**2,094,016**	1,967,664
Due to related parties		**656,449**	627,898
Convertible debenture	N/A	**1,793,026**	1,657,532
Provisions	N/A	**3,248,374**	652,249
Total financial liabilities		**9,259,521**	8,034,403

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

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

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

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

General Objectives, Policies and Processes

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

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

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

16. FINANCIAL INSTRUMENTS (continued)

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 February 29, 2024, the Company had a cash balance of $8,667 (August 31, 2023– $8,890) and amounts receivable of $64,194 (August 31, 2023 – $11,446) to settle current liabilities due in twelve months or less of $5,855,413 (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 February 29, 2024, the Company has access to $2,895,500 through its Equity Drawdown Facility.

Currency Risk

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

Determination of Fair Value

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

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, amount receivable and trade payable, loan payable, convertible debenture and future acquisition payments approximate fair value due to their short-term nature.

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

(Unaudited - Expressed in Canadian dollars)

16. FINANCIAL INSTRUMENTS (continued)

For investments valued based on trends in comparable entities, general market conditions and specific company information, the inputs used can be highly judgmental. A 10% change on the fair value (i.e. recent transaction price) of this investment will result in a corresponding $204,000 (August 31, 2023 - $204,000) change in the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may different significantly between investments, given their different terms and circumstances.

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

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

17. CAPITAL DISCLOSURES

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

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

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at February 29, 2024, was $8,667 (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 February 29, 2024.

18. SEGMENTED INFORMATION

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

	February 29, 2024		
	Exploration and evaluation assets	**Deferred financing charges**	**Net loss**
	$	**$**	**$**
Canada	-	347,025	1,537,357
United States	1,606,372	-	-
Peru	12,148,108	-	-
Total	**13,754,480**	**347,025**	**1,537,357**

(Unaudited - Expressed in Canadian dollars)

18. SEGMENTED INFORMATION (continued)

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

19. COMMITMENTS AND CONTINENGENCIES

During the year ended August 31, 2021, the Company signed a binding Letter of Intent (the "LOI") to acquire 100% of the issued and outstanding shares in Plutus Gold Corp., which holds the option to acquire the Snowbird High-Grade Gold Project ("Snowbird Project").

For the periods ended February 29, 2024 and 2023, the Company expensed all exploration costs incurred on the Snowbird Project as the definitive agreement is yet to close.

20. SUBSEQUENT EVENTS

The Company entered into debt settlement with various vendors to settle $2,591,500 and issued 25,915,000 shares. Of which 1,876,000 common shares with a value of $187,600 was issued to related parties.

In connection with the equity drawdown facility agreement, the Company issued 355,000 common shares valued at $35,500 (Note 8).

The Company repriced 1,000,000 warrants with an exercise price of $1.00 to an exercise price of $0.35 and 290,000 warrants with an exercise price of $0.50 to an exercise price of $0.35. All other terms of these Historical Warrants remain unchanged other than as set out in the original warrants.

The Company closed three tranches of private placement by raising $867,735 and issued 3,772,760 units at price of $0.23 per unit. Each Unit will be comprised of one common share of the Company and one common share purchase warrant. Each Warrant will be exercisable for one Common Share at a price of $0.35 per Common Share for two (2) years from the date of issuance. All shares issued for the under private placement will be subject to a four month and one day hold from the date of issuance.

The Company and Condor have agreed to restructure the U$375,000 payment as follows:

- US$100,000 (paid – Cdn$136,500)
- US$85,000 (US$75,000 plus US$10,000 bonus) will be satisfied by the issuance of Units comprising of one common share and one warrant convertible for one common share of the Company at 0.35 for two years. (499,413 Units issued)
- US$200,000 to be paid on or before the closing of Element79's sale of their Maverick Springs project, which sale is expected to close before the end of June 2024.
- In consideration of the restructure, Element79 will pay an additional US$20,000 on or before the closing of Element79's sale of their Maverick Springs project, which sale is expected to close before the end of June 2024.