

E79 RESOURCES CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

For the Three Months Ended July 31, 2022 and 2021

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

E79 RESOURCES CORP.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

AS AT

	July 31, 2022 (unaudited)	April 30, 2022
ASSETS		
Current assets		
Cash	\$ 5,927,822	\$ 8,056,541
Prepaid expenses	383,246	466,666
Amounts receivable	294,311	195,053
	6,605,379	8,718,260
Exploration and evaluation assets (Note 3)	13,153,319	12,173,687
Deposits	3,607	48,464
TOTAL ASSETS	\$ 19,762,305	\$ 20,940,411
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 519,185	\$ 1,129,212
TOTAL LIABILITIES	519,185	1,129,212
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	23,100,595	23,100,595
Reserves (Note 4)	2,834,855	2,613,403
Deficit	(6,692,330)	(5,902,799)
TOTAL SHAREHOLDERS' EQUITY	19,243,120	19,811,199
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 19,762,305	\$ 20,940,411

Nature of operations and going concern (Note 1)

Approved by the Board of Directors and authorized for issue on September 27, 2022:

"Steven Butler"

Steven Butler, Director

"Vince Sorace"

Vince Sorace, Director

E79 RESOURCES CORP.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Three Months Ended	
	July 31, 2022	July 31, 2021
EXPENSES		
General and administrative services	\$ 84,625	\$ 56,373
Consulting fees (Note 6)	90,604	117,186
Foreign exchange loss (gain)	12,171	(1,764)
Marketing	127,994	168,952
Management fees (Note 6)	175,997	108,819
Professional fees	26,008	(15,187)
Transfer agent, regulatory and listing fees	50,680	4,460
Stock-based compensation (Notes 4 and 6)	221,452	560,303
NET AND COMPREHENSIVE LOSS	\$ (789,531)	\$ (999,142)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	65,111,145	59,459,320

See accompanying notes to the condensed consolidated interim financial statements.

E79 RESOURCES CORP.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	<u>Share capital</u>				
	Number of shares	Amount	Reserves	Deficit	Total
Balance at May 1, 2021	55,792,615	\$ 14,358,324	\$ 1,640,479	\$ (2,626,290)	\$ 13,372,513
Issuance of common shares for cash, net share issue cost	8,560,000	8,000,000	-	-	8,000,000
Shares issued pursuant to warrant exercises	553,640	249,139	-	-	249,139
Fair value transfer for warrant exercises	-	287,842	(287,842)	-	-
Shares issued pursuant to option exercise	37,500	28,058	-	-	28,058
Fair value transfer for option exercise	-	14,849	(14,849)	-	-
Stock-based compensation	-	-	560,303	-	560,303
Loss for the period	-	-	-	(999,142)	(999,142)
Balance at July 31, 2021	64,943,755	\$ 22,938,212	\$ 1,898,091	\$ (3,625,432)	\$ 21,210,871
Balance at May 1, 2022	65,111,145	23,100,595	2,613,403	(5,902,799)	19,811,199
Stock-based compensation	-	-	221,452	-	221,452
Loss for the period	-	-	-	(789,531)	(789,531)
Balance at July 31, 2022	65,111,145	\$ 23,100,595	\$ 2,834,855	\$ (6,692,330)	\$ 19,243,120

See accompanying notes to the condensed consolidated interim financial statements.

E79 RESOURCES CORP.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

	Three Months Ended	
	July 31, 2022	July 31, 2021
OPERATING ACTIVITIES		
Net loss	\$ (789,531)	\$ (999,142)
Non-cash items:		
Stock-based compensation	221,452	560,303
Net changes in non-cash working capital items:		
Amounts receivable	(99,258)	(89,291)
Prepaid expenses	83,420	(439,825)
Accounts payable and accrued liabilities	(610,027)	501,091
Net cash flows used in operating activities	(1,193,944)	(466,864)
INVESTING ACTIVITIES		
Exploration and evaluation assets	(979,632)	(403,657)
Deposits	44,857	-
Net cash flows used in investing activities	(934,775)	(403,657)
FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	8,000,000
Proceeds from exercise of warrants and options	-	277,197
Net cash flows provided from financing activities	-	8,277,197
Net (decrease) increase in cash	(2,128,719)	7,406,676
Cash, beginning	8,056,541	4,697,664
Cash, ending	\$ 5,927,822	\$ 12,104,340
Supplemental disclosure with respect to cashflows		
Exploration and evaluation asset costs in accounts payable and accrued liabilities	\$ 442,058	\$ 68,466
Tax paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying notes to the condensed consolidated interim financial statements.

E79 RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

1. Nature of operations and going concern

E79 Resources Corp. (the "Company") was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. On September 20, 2019, the Company completed a plan of arrangement (the "Arrangement") with its former parent, Zenith Exploration Inc. ("Zenith"), whereby the Golden Girl property was transferred to the Company, Zenith's one common share in the Company was cancelled and 5,759,282 common shares were issued to the shareholders of Zenith.

The Company is a resource exploration company that is acquiring and exploring mineral properties. The head office, principal address and records office of the Company are located at 907-1030 West Georgia Street, Vancouver BC.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At July 31, 2022, the Company had not yet achieved profitable operations, had accumulated losses of \$6,692,330 (April 30, 2022 - \$5,902,799) since its inception and expects to incur further losses in the development of its property. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management estimates that it has sufficient working capital to continue operations for the next twelve months.

2. Basis of preparation

Statement of compliance with International Financial Reporting Standards

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended April 30, 2022, and the significant accounting policies therein.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as fair value through profit and loss, which are stated at their fair values. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars unless otherwise specified.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, E79 Resources Pty. Ltd. from the acquisition date of November 30, 2020 (Note 3). Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

E79 RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

2. Basis of preparation (cont'd)

Use of estimates and judgements

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) **Going concern:**
The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involved significant judgments based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.
- ii) **Economic recoverability and probability of future benefits of exploration and evaluation costs:**
Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.
- iii) **Valuation of stock-based compensation:**
The Company uses the Black-Scholes option pricing model for valuation of stock-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- iv) **Income taxes:**
The Company recognizes deferred tax assets for deductible temporary differences, unused tax losses and other income tax deductions only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and other income tax deductions can be utilized. In assessing the probability of realizing the income tax benefits of deductible temporary differences, unused tax losses and other income tax deductions, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. The likelihood that tax positions taken will be sustained upon examination by applicable tax authorities is assessed based on individual facts and circumstances of the relevant tax position evaluated in light of all available evidence.

As at July 31, 2022, the Company has not recognized any deferred tax assets for deductible temporary differences. Changes in any of the above-mentioned estimates can materially affect the amount of income tax assets recognized. In addition, where applicable tax laws and regulations are either unclear

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

2. Basis of preparation (cont'd)

or subject to varying interpretations, changes in these estimates can occur that materially affect the amounts of income tax assets recognized. The Company reassesses unrecognized income tax assets at the end of each reporting period.

3. Exploration and evaluation assets

On November 30, 2020, the Company closed a purchase agreement with E79 Resources Pty Ltd., a private Australian company, pursuant to which the Company acquired all of the issued and outstanding shares of E79 Resources Pty Ltd. and hereby acquired 100% of two gold projects, the Beaufort and Myrtleford projects located in Victoria, Australia. In consideration of acquisition of E79 Resources Pty Ltd., the Company issued 20,000,000 common shares of the Company to the shareholders of E79 Resources Pty Ltd. on a pro rata basis. 14,000,000 of such shares were subject to contractually agreed restrictions on transfer. 2,000,000 shares were restricted until February 8, 2021; 4,000,000 shares were restricted until April 7, 2021; 4,000,000 shares were restricted until July 7, 2021; and 4,000,000 shares were restricted until October 7, 2021.

The transaction was accounted for in accordance with guidance provided in IFRS 2, Share-based payments, and IFRS 3, Business combinations. As E79 Resources Pty Ltd. did not qualify as a business according to the definition in IFRS 3, this transaction does not constitute a business combination; rather, it is treated as an issuance of shares by the Company for the net assets of E79 Resources Pty Ltd. The effect of the share sale restriction was reflected through a 15% discount applied to the initial fair value of the restricted shares, which was based on the last private placement closed by the Company.

The purchase price is allocated as follows:

	Amount
Fair value of the Company's shares	\$ 8,055,000
(14,000,000 common shares at \$0.38 per share and 6,000,000 common shares at \$0.45 per share)	
	8,055,000
Total Consideration	
Net assets acquired	
Cash	3,618
Receivables and prepaid expenses	2,130
Mineral properties	8,063,375
Accounts payable	(14,123)
	\$ 8,055,000

E79 RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

3. Exploration and evaluation assets (cont'd)

Beaufort Property

Beaufort is a 100% owned exploration tenement Australia. The license consists of a single contiguous parcel.

Myrtleford Property

Myrtleford is a 100% owned exploration license located in Australia. The license consists of a single contiguous parcel.

Golden Girl Property

On September 20, 2019, the Company received a 100% interest in the mineral property Golden Girl, located in British Columbia, from its former parent, Zenith. The property is subject to a 1% net smelter return royalty. The carrying cost of the project was reviewed and given the focus of the Company is currently on its Australian assets and it has no current plans to further explore the property, the project was fully impaired at April 30, 2021. On October 19, 2021, the Company sold its 100% interest in the Golden Girl property to an arm's length party. The Company retains a 1% NSR on the Golden Girl property.

A continuity of acquisition costs included in exploration and evaluation assets is as follows:

			Total for three months ended July 31, 2022	Total for year ended April 30, 2022
	Beaufort	Myrtleford		
Property acquisition costs				
Balance, beginning	\$ 1,612,675	\$ 6,450,700	\$ 8,063,375	\$ 8,063,376
Additions (sale)	-	-	-	(1)
Balance, ending	\$ 1,612,675	\$ 6,450,700	\$ 8,063,375	\$ 8,063,375
Exploration and evaluation costs				
Balance, beginning	\$ 1,356,305	\$ 2,754,007	\$ 4,110,312	\$ 541,447
Consulting, management fees and sub-contractors	6,689	197,756	204,445	1,104,483
Soil Sampling and mapping	-	48,185	48,185	330,482
Geophysics	-	-	-	44,867
Drilling	-	650,388	650,388	1,805,079
Other costs	19,732	56,882	76,614	283,954
Balance, ending	\$ 1,382,726	\$ 3,707,218	\$ 5,089,944	\$ 4,110,312
Impairment	\$ -	\$ -	\$ -	\$ -
Total	\$ 2,995,401	\$ 10,157,918	\$ 13,153,919	\$ 12,173,687

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

4. Share capital

Authorized share capital

Unlimited number of common shares without par value (2021 – Unlimited).

Issued share capital

65,111,145 common shares were issued and outstanding at July 31, 2022 (April 30, 2022: 65,111,145). As at July 31, 2022, 1,273,250 shares were held in escrow to be released as follows: 636,625 released on September 5, 2022 and 636,625 released on March 5, 2023.

During the three months ended July 31, 2021:

On June 23, 2021, the Company closed a non-brokered private placement financing of 8,000,000 common shares at \$1.00 per share for gross proceeds of \$8,000,000. The Company issued 560,000 common shares with a fair value of \$560,000 to finders.

During the three months ended July 31, 2021, the Company issued 37,500 and 553,640 common shares pursuant to option and warrant exercises, for gross proceeds of \$28,058 and \$249,138, respectively. Accordingly, the Company transferred \$14,849 and \$287,842 from reserves to share capital.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted, and that the options granted will have an exercise price of not less than market price and an expiry date of not more than ten years from the date of grant.

Stock options

Stock options transactions are summarized as follows:

	Number of Options	Weighted average exercise price
Outstanding, April 30, 2022	3,775,000	\$ 0.79
Granted	1,250,000	0.50
Forfeited	(200,000)	0.75
Outstanding, July 31, 2022	4,825,000	\$ 0.72

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

4. Share capital (cont'd)

Stock options (cont'd)

Details of options outstanding as at July 31, 2022 are as follows:

Exercise Price	Expiry Date	Balance, end of period	Exercisable
\$0.75	December 9, 2025	2,950,000	2,212,500
\$0.78	January 29, 2026	75,000	56,250
\$1.27	August 4, 2026	150,000	37,500
\$1.08	September 1, 2026	50,000	37,500
\$0.95	November 8, 2026	350,000	87,500
\$0.50	May 2, 2027	1,250,000	-
		4,825,000	2,431,250

At July 31, 2022, the weighted-average remaining contractual life of stock options was 3.82 years.

During the three months ended year ended July 31, 2022

On May 2, 2022, the Company granted 1,250,000 stock options to an officer of the Company at an exercise price of \$0.50 per common share for a period of five years ending May 2, 2027. The options vest in four equal parts every 6 months over two years. The total value of these options on grant date was \$447,414 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$0.41; risk free interest rate of 2.6%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$114,399 in stock-based compensation related to these options during the three months ended July 31, 2022.

During the three months ended July 31, 2022 and 2021, the Company recognized total stock-based compensation expense of \$221,452 and \$560,303, respectively.

5. Segmented information

The Company operates in a single operating segment being the exploration and evaluation of mineral properties in Australia. All exploration and evaluation assets are located in Australia.

6. Related party transactions

Key management personnel include those persons having 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 members of the Company's Board of Directors and corporate officers.

Key management compensation is as follows:

	Three Months Ended July 31,	
	2022	2021
Management fees	\$ 183,323	\$ 108,819
Stock based compensation	210,948	368,159
	\$ 394,271	\$ 476,978

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Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

6. Related party transactions (cont'd)

Related party balances

As at July 31, 2022, \$Nil (April 30, 2022 - \$Nil) was due to directors of the Company. Amounts owing are non-interest bearing, unsecured and due on demand and are included in accounts payable and accrued liabilities.

7. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in Australian dollars ("AUD") while its functional currency is the Canadian dollar ("CAD"). The Company does not hedge its exposure to fluctuations in foreign exchange rates. Cash balance of \$304,908, amounts receivable balance of \$242,320 and accounts payable balance of \$438,762 are held in AUD at July 31, 2022. The Company does not believe it is exposed to significant foreign exchange risk on these balances.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company has assessed liquidity risk as low as at July 31, 2022 due to the Company's cash balance.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is not exposed to significant interest or other price risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

E79 RESOURCES CORP.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended July 31, 2022 and 2021

(Unaudited - Expressed in Canadian Dollars)

7. Financial risk and capital management (cont'd)

Fair value

The Company's financial instruments consist of cash, amounts receivable, accounts payable and accrued liabilities and due to related parties. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments.

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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's cash is measured at fair value using level 1 inputs. The fair value of financial instruments recognized at amortized cost approximates their carrying values due to the short-term nature of these investments.