

E79 RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
E79 Resources Corp.

Opinion

We have audited the accompanying consolidated financial statements of E79 Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

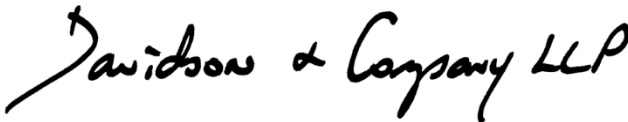
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Zachary Faure.

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

August 26, 2022

E79 RESOURCES CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	April 30, 2022	April 30, 2021
ASSETS			
Current assets			
Cash		\$ 8,056,541	\$ 4,697,664
Prepaid expenses		466,666	183,559
Amounts receivable		195,053	57,728
		8,718,260	4,938,951
Exploration and evaluation assets	4	12,173,687	8,604,823
Deposits		48,464	157,304
TOTAL ASSETS		\$ 20,940,411	\$ 13,701,078
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	1,129,212	328,565
TOTAL LIABILITIES		\$ 1,129,212	\$ 328,565
SHAREHOLDERS' EQUITY			
Share capital	5	23,100,595	14,358,324
Reserves	5	2,613,403	1,640,479
Deficit		(5,902,799)	(2,626,290)
TOTAL SHAREHOLDERS' EQUITY		19,811,199	13,372,513
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 20,940,411	\$ 13,701,078

Nature of operations and going concern (Note 1)

Subsequent event (Note 10)

Approved by the Board of Directors and authorized for issue on August 26, 2022:

“Steven Butler”

Steven Butler, Director

“Vince Sorace”

Vince Sorace, Director

E79 RESOURCES CORP.**Consolidated Statements of Loss and Comprehensive Loss**

(Expressed in Canadian Dollars)

		Year Ended April 30,	
	Notes	2022	2021
Expenses			
General and administrative services		\$ 310,209	\$ 97,598
Consulting fees		508,529	48,414
Foreign exchange		81,689	(2,172)
Marketing		511,782	411,026
Management fees	7	378,726	253,651
Professional fees		113,047	206,643
Transfer agent, regulatory and listing fees		41,743	82,357
Stock-based compensation	5,7	1,362,643	1,265,609
		\$ (3,308,368)	\$ (2,363,126)
Other Items			
Recovery (write down) of exploration and evaluation assets	4	31,859	(197,111)
Loss and comprehensive loss for the year		\$ (3,276,509)	\$ (2,560,237)
Loss per share – basic and diluted		\$ (0.05)	\$ (0.09)
Weighted average number of common shares outstanding		63,526,586	28,618,164

See accompanying notes to the consolidated financial statements.

E79 RESOURCES CORP.**Consolidated Statements of Changes in Shareholders' Equity**

(Expressed in Canadian Dollars)

	Share capital		Reserves	Deficit	Total
	Number of shares	Amount			
Balance at April 30, 2020	7,959,282	\$ 298,500	\$ -	\$ (66,053)	\$ 232,447
Issuance of common shares for cash, net share issue cost	27,833,333	6,004,824	374,870	-	6,379,694
Acquisition of E79 Resources Pty. Ltd.	20,000,000	8,055,000	-	-	8,055,000
Stock-based compensation	-	-	1,265,609	-	1,265,609
Loss for the year	-	-	-	(2,560,237)	(2,560,237)
Balance at April 30, 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	721,030	699,334	(374,870)	-	324,464
Shares issued pursuant to option exercises	37,500	42,937	(14,849)	-	28,088
Stock-based compensation	-	-	1,362,643	-	1,362,643
Loss for the year	-	-	-	(3,276,509)	(3,276,509)
Balance at April 30, 2022	65,111,145	\$ 23,100,595	\$ 2,613,403	\$ (5,902,799)	\$ 19,811,199

See accompanying notes to the consolidated financial statements.

E79 RESOURCES CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended April 30,	
	2022	2021
Operating activities		
Loss for the year	\$ (3,276,509)	\$ (2,560,237)
Item not involving cash:		
Stock-based compensation	1,362,643	1,265,609
Write down of exploration and evaluation assets	-	197,111
Changes in non-cash working capital items:		
Amounts receivable	(137,325)	(56,943)
Prepaid expenses	(283,107)	(338,733)
Accounts payable and accrued liabilities	33,835	107,560
Due to related parties	-	(13,358)
Net cash flows used in operating activities	(2,300,463)	(1,398,991)
Investing activities		
Exploration and evaluation assets and deposits	(2,725,072)	(477,274)
Proceeds on sale of exploration and evaluation asset	1	-
BCMETS refund	31,859	-
Cash acquired on acquisition	-	3,618
Net cash flows used in investing activities	(2,693,212)	(473,656)
Financing activities		
Proceeds from issuance of shares	8,000,000	6,725,000
Share issue costs	-	(345,306)
Proceeds from stock option and warrant exercises	352,552	-
Net cash flows provided by financing activities	8,352,552	6,379,694
Change in cash	3,358,877	4,507,047
Cash, beginning	4,697,664	190,617
Cash, ending	\$ 8,056,541	\$ 4,697,664
Supplemental disclosure with respect to cashflows		
Shares issued for exploration and evaluation assets	\$ -	\$ 8,055,000
Exploration and evaluation asset costs in accounts payable and accrued liabilities	\$ 938,084	\$ 171,271
Fair value of broker warrants	\$ -	\$ 374,870
Fair value of finder shares	\$ 560,000	\$ -
Fair value of options and warrants transferred from reserves on exercise	\$ 389,719	\$ -
Tax and interest paid	\$ -	\$ -

See accompanying notes to the consolidated financial statements.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(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. 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 consolidated 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 April 30, 2022, the Company had working capital of \$7,589,048 but had not yet achieved profitable operations, had accumulated losses of \$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.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company and its operations in future periods.

2. Basis of preparation

Statement of compliance with International Financial Reporting Standards

The consolidated 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”).

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.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

2. Basis of preparation (cont'd)

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, E79 Resources Pty. Ltd. and E79 Services Pty Ltd., from the acquisition date of November 30, 2020 (Note 4) and the incorporation date of July 26, 2021, respectively. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

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 and estimates 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.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

2. Basis of preparation (cont'd)

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 April 30, 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 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. Significant Accounting Policies

Financial Instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and are subsequently carried at amortized cost less any impairment.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the credit risk of the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

ii) Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Exploration and evaluation assets

Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

Restoration, rehabilitation, and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other assets.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets. For the periods presented, the Company did not have any restoration provisions.

Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance. Proceeds received for issuance of share units consisting of common shares and warrants are recorded based on the residual value method where common shares are valued first and any excess over fair value is allocated to the warrant.

Foreign currency translation

The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each statement of financial position date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

Stock-based compensation

The Company has a stock option plan that is described in note 5. Stock-based payments to employees are measured at the fair value of the instruments issued and are amortized over the vesting periods using a graded attribution approach. Stock-based payments to non-employees are measured at the fair value of the goods or services received or at the fair value of the equity instruments issued (if it is determined the fair value of the goods or services cannot be reliably measured) and are recorded at the date the goods or services are received. If and when the stock options or warrants are ultimately exercised, the applicable amounts of reserves are transferred to share capital.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

3. Significant Accounting Policies (cont'd)

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized during the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Forfeitures of stock options are accounted for as incurred.

Loss per share

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share.

The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by assuming that the proceeds would be used to purchase common shares at the average market price during the period. Since the Company has losses, the effect of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

4. 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.

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

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)	
Total Consideration	8,055,000
Net assets acquired	
Cash	3,618
Receivables and prepaid expenses	2,130
Mineral properties	8,063,375
Accounts payable	(14,123)
Net asset acquired	\$ 8,055,000

E79 RESOURCES CORP.

Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. Exploration and evaluation assets (cont'd)

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

	Total for year ended			Total for year ended				
	CANADA		AUSTRALIA	CANADA		AUSTRALIA		
	Golden Girl	Beaufort	Myrtleford	Golden Girl	Beaufort	Myrtleford		
				April 30, 2022				April 30, 2021
Property acquisition costs								
Balance, beginning	\$ 1	\$ 1,612,675	\$ 6,450,700	\$ 8,063,376	\$ 88,682	\$ -	\$ -	\$ 88,682
Additions (sale)	(1)	-	-	(1)	-	1,612,675	6,450,700	8,063,375
Balance, ending	\$ -	\$ 1,612,675	\$ 6,450,700	\$ 8,063,375	\$ 88,682	\$ 1,612,675	\$ 6,450,700	\$ 8,152,057
Exploration and evaluation costs								
Balance, beginning	\$ -	\$ 326,954	\$ 214,493	\$ 541,447	\$ 1,332	\$ -	\$ -	\$ 1,332
Consulting, management fees and sub-contractors	-	249,157	855,326	1,104,483	-	126,162	104,868	231,030
Soil Sampling and mapping	-	106,506	223,976	330,482	106,197	136,296	-	242,493
Geophysics	-	19,517	25,350	44,867	-	11,505	5,012	16,517
Drilling, support and supplies	-	589,060	1,216,019	1,805,079	-	46,408	93,212	139,620
Other costs	-	65,111	218,843	283,954	900	6,583	11,401	18,884
Balance, ending	\$ -	\$ 1,356,305	\$ 2,754,007	\$ 4,110,312	\$ 108,429	\$ 326,954	\$ 214,493	\$ 649,876
Impairment	\$ -	\$ -	\$ -	\$ -	\$ (197,110)	\$ -	\$ -	\$ (197,110)
Total	\$ -	\$ 2,968,980	\$ 9,204,707	\$ 12,173,687	\$ 1	\$ 1,939,629	\$ 6,665,193	\$ 8,604,823

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

4. 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

During the year ended April 30, 2021, 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 written down to \$1. On October 19, 2021, the Company sold its 100% interest in the Golden Girl property to an arm's length party for consideration of \$1. The Company retains a 1% NSR on the Golden Girl property.

During the year ended April 30, 2022, the Company received a mineral tax credit of \$31,859, which was recorded as a recovery of exploration and evaluation assets on the consolidated statement of profit or loss.

5. Share capital

Authorized share capital

Unlimited number of common shares without par value (2021 – Unlimited). As at April 30, 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.

Issued share capital

65,111,145 common shares were issued and outstanding at April 30, 2022 (2021: 55,792,615).

During the year ended April 30, 2022

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 in connection with the private placement.

During the year ended April 30, 2022, the Company issued 37,500 and 721,030 common shares pursuant to option and warrant exercises, for gross proceeds of \$28,088 and \$324,464, respectively. Accordingly, the Company transferred \$14,849 and \$374,870 from reserves to share capital.

During the year ended April 30, 2021

On October 7, 2020, the Company closed a non-brokered private placement and issued 14,500,000 common shares at a price of \$0.05 per common shares for proceeds of \$725,000. The Company incurred \$3,839 in share issue costs.

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

5. Share capital (cont'd)

On November 30, 2020, the Company closed a non-brokered private placement comprising of 13,333,333 common shares at \$0.45 per common share at gross proceeds of \$6,000,000. The Company paid cash commissions of \$324,464, incurred other share issue costs of \$17,003 and issued 721,030 broker warrants. Each broker warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.45 per share until November 30, 2021. The Company recognized a fair value of \$374,870 for the broker warrants, which was determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$0.80; risk free rate of 0.21%; expected life of 1 year; expected volatility of 140% and dividend yield of Nil.

During the year ended April 30, 2021, the Company issued 20,000,000 common shares with a fair value of \$8,055,000 on closing of the purchase of E79 Resources Pty Ltd (Note 4).

As at April 30, 2022, there were no broker warrants outstanding.

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 transactions are summarized as follows:

	Number of Options	Weighted average exercise price
Outstanding, April 30, 2020	-	\$ -
Granted	4,875,000	0.72
Outstanding, April 30, 2021	4,875,000	\$ 0.72
Granted	550,000	1.05
Exercised	(37,500)	0.75
Expired	(1,000,000)	0.66
Forfeited	(612,500)	0.66
Outstanding, April 30, 2022	3,775,000	\$ 0.79

Details of options outstanding as at April 30, 2022 are as follows:

Exercise Price	Expiry Date	Balance, end of period	Exercisable
\$0.75	December 9, 2025	3,150,000	1,575,000
\$0.78	January 29, 2026	75,000	37,500
\$1.27	August 4, 2026	150,000	37,500
\$1.08	September 1, 2026	50,000	25,000
\$0.95	November 8, 2026	350,000	-
		3,775,000	1,675,000

At April 30, 2022, the weighted-average remaining contractual life of stock options was 3.74 years.

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

5. Share capital (cont'd)

During the year ended April 30, 2022

On August 4, 2021, the Company granted 150,000 stock options to a consultant of the Company at an exercise price of \$1.27 per common share for a period of five years ending August 4, 2026. The options vest in four equal parts every 6 months over two years. The total value of these options on grant date was \$123,759 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$1.17; risk free interest rate of 0.87%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$100,232 in stock-based compensation related to these options during the year ended April 30, 2022.

On September 1, 2021, the Company granted 50,000 stock options to a consultant of the Company at an exercise price of \$1.08 per common share for a period of five years ending September 1, 2026. The options vest in four equal parts every 3 months over one year. The total value of these options on grant date was \$40,773 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$1.10; risk free interest rate of 1.11%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$43,200 in stock-based compensation related to these options during the year ended April 30, 2022.

On November 8, 2021, the Company granted 350,000 stock options to an officer of the Company at an exercise price of \$0.95 per common share for a period of five years ending November 8, 2026. The options vest in four equal parts every 6 months over two years. The total value of these options on grant date was \$229,131 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$0.95; risk free interest rate of 1.56%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$113,627 in stock-based compensation related to these options during the year ended April 30, 2022.

During the year ended April 30, 2021

On December 9, 2020, the Company granted 4,300,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.75 per common share for a period of five years ending December 9, 2025. The options vest in four equal parts every 6 months over two years. The total value of these options on grant date was \$2,850,406 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$0.75; risk free interest rate of 0.47%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$1,072,218 (2021 - \$1,156,823) in stock-based compensation related to these options during the year ended April 30, 2022.

On January 29, 2021, the Company granted 75,000 stock options to a consultant of the Company at an exercise price of \$0.78 per common share for a period of five years ending January 29, 2026. The options vest in four equal parts every 6 months over two years. The total value of these options on grant date was \$55,233 determined using the Black-Scholes Option Pricing Model with the following assumptions: share price of \$0.83; risk free interest rate of 0.41%; expected life of 5 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$33,366 (2021 - \$14,407) in stock-based compensation related to these options during the year ended April 30, 2022.

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

5. Share capital (cont'd)

On April 23, 2021, the Company granted 500,000 stock options to a consultant of the Company at an exercise price of \$0.45 per common share for a period of three years ending April 23, 2024. The options vest immediately. The total value of these options on the grant date was \$94,379 determined by using the Black Scholes Option Pricing Model with the following assumptions: share price of \$0.27; risk free interest rate of 0.48%; Expected life of 3 years; expected volatility of 140% and dividend yield of Nil. The Company recognized \$94,379 in stock-based compensation during the year ended April 30, 2021, as the stock options vested on the grant date.

During the years ended April 30, 2022 and 2021, the Company recognized total stock-based compensation expense of \$1,362,643 and \$1,265,609, respectively.

6. 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, including deposits of \$48,464 as at April 30, 2022 (2021 - \$157,304).

7. 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:

	Year ended April 30,	
	2022	2021
Management fees	\$ 378,726	\$ 253,651
Consulting fees	89,391	-
Stock-based compensation	691,530	780,183
	<u>\$ 1,159,647</u>	<u>\$ 1,033,834</u>

Related party balances

As at April 30, 2022, \$Nil (2021 - \$48,271) was due to directors of the Company and \$Nil (April 30, 2021 - \$5,622) due to former directors of the Company. The amounts are non-interest bearing, unsecured and due on demand and are included in accounts payable and accrued liabilities.

As at April 30, 2022, \$12,500 (2021 - \$Nil) was included in prepaid expenses to directors of the Company.

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

8. Income taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, is as follows:

	April 30, 2022	April 30, 2021
Net loss for the period	\$(3,276,509)	\$(2,560,237)
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(885,000)	(691,000)
Tax effect of:		
Permanent and other differences	369,000	346,000
Share issue costs	(161,000)	(93,000)
Adjustment to prior years provision versus statutory returns	2,000	-
Change in unrecognized deductible temporary differences	681,000	438,000
Other	(6,000)	-
Income tax provision	\$ -	\$ -

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

	April 30, 2022	April 30, 2021
Deferred income tax assets		
Non-capital losses	\$ 901,000	\$ 330,000
Share issue costs	194,000	76,000
Exploration and evaluation assets	45,000	53,000

As at April 30, 2022, the Company has non-capital losses carried forward of \$3,316,000, which are available to offset future years' taxable income. These losses expire through 2042.

9. 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 way in which such exposure is managed is provided as follows:

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

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

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. The Company's maximum exposure to credit risk is the carrying amount of cash and amounts receivable.

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 \$608,905, accounts receivable balance of \$152,659 and accounts payable balance of \$964,447 are held in AUD at April 30, 2022. A 10% change in the AUD-CAD exchange rate would change the Company's by \$15,000. 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 April 30, 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: foreign exchange risk, interest rate risk and other price risk. The Company is not exposed to significant interest or other price risk.

Capital Management

The Company considers its capital structure to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements.

There were no changes to the Company's approach to capital management during the year ended April 30, 2022.

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Notes to the Consolidated Financial Statements

Years Ended April 30, 2022 and 2021

(Expressed in Canadian Dollars)

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

Fair value

The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities.

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.

10. Subsequent event

On May 2, 2022, the Company granted 1,250,000 stock options to an officer of the Company with an exercise price of \$0.495 and an expiry date of five years from the grant date.