

**E79 RESOURCES CORP.**  
(formerly Top Exploration Inc.)

**Management's Discussion and Analysis**

**For the Six Months Ended October 31, 2021 and 2020**

**General**

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the financial statements and related notes thereto of E79 Resources Corp. (formerly Top Exploration Inc.) (the "Company") for the six months ended October 31, 2021 and 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting. All amounts in the financial statements and this MD&A are presented in Canadian dollars, unless otherwise indicated. This MD&A is dated December 17, 2021 and discloses specified information up to that date.

Management is responsible for the preparation and integrity of the condensed interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the consolidated financial statements and MD&A, are complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

**Description of Business and Operations**

The Company is a resource exploration company that is acquiring and exploring mineral properties with a focus on Australia. The Company was incorporated on September 27, 2018, under the laws of the Province of British Columbia, Canada. The Company is a reporting issuer in the province of British Columbia. The head office, principal address and records office of the Company are located at 907-1030 West Georgia Street, Vancouver BC. The Company is listed on the Canadian Securities Exchange under the stock symbol ESNR and on the OTCQB under the symbol ESVNF.

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 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 (the "Acquisition Shares"). 14,000,000 of such shares are subject to contractually agreed restrictions on transfer. On December 9, 2020, the Company issued 14,000,000 of the Acquisition Shares and on January 29, 2021, the Company issued 6,000,000 of the Acquisition Shares.

On June 23, 2021 the Company closed a non-brokered private placement financing at a price of \$1.00 per share for gross proceeds of \$8,000,000, including a lead order of \$5,000,000 from Eric Sprott, and a \$3,000,000 order from a strategic investment fund. The Company issued 560,000 common shares with a fair value of \$560,000 to finders.

During the six months ended October 31, 2021, the Company issued 37,500 and 664,998 common shares pursuant to option and warrant exercises, for gross proceeds of \$28,088 and \$299,250, respectively.

On September 1, 2021, the Company announced that it had entered into a consulting agreement with Adelaide Capital ("Adelaide") to provide investor relations consulting services to the Company. Under the terms of the consulting agreement, Adelaide will receive \$8,000 per month, plus 50,000 stock options for an initial period of six months (subject to extension by mutual agreement) commencing on the date applicable filings are made to the CSE. Adelaide is at arm's length to the Company. On September 1, 2021, the Company granted 50,000 stock options to Adelaide with an exercise price of \$1.08 and an expiry date of five years from the grant date.

## **Mineral Property Interests**

### ***Beaufort Property***

Beaufort is a granted exploration tenement located in the southwest of Victoria approximately 145km west of Melbourne, Australia. It is approximately 48km west of the regional town and historic gold mining center of Ballarat. The license consists of a single contiguous parcel covering 120km<sup>2</sup>. The Beaufort Goldfield has been extensively mined in the past almost exclusively for alluvial gold, with an estimated 1.16 Moz of historical production. Local primary sources for the alluvial gold have not yet been identified. At Beaufort, an opportunity exists to explore for a hard rock source of a major alluvial goldfield along a structure that is known to host gold in the region.

In January 2021, the Company completed the first round of in-fill soil sampling over the high priority target areas on the Beaufort Project. In-fill sampling was conducted on a 25m x 25m grid, designed to test both the north-northwest and east-west anomalous trends defined by the previously reported soil geochemistry program. The in-fill survey focused on the intersection of the two anomalous trends. This in-fill program will help guide E79's initial drilling campaign at Beaufort and determine optimal sample spacing to be employed on the extensions to the soil grid over the remainder of the 20km structural trend. Details of the sampling program are contained in the Company's news releases of January 12 and 18, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Results from the in-fill soil sampling were announced by the Company on April 13, 2021 and the Company subsequently received the requisite consents to commence drilling on the project. The Company completed an initial 1000m maiden diamond drilling campaign to test high-priority soil geochemical targets. The drilling program forms part of a pipeline of exploration activities on its Beaufort Property consisting of reconnaissance soil sampling, infill sampling to define targets, local structural mapping, and drilling of orientated diamond core to provide information on rock type, structure, and gold mineralization below the zone of weathering. Details of the planned program are contained in the Company's news release of May 20, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Myrtleford Property***

Myrtleford is a granted exploration license and located in the north-east of Victoria, approximately 290 km northeast of the Victorian capital Melbourne and approximately 40 km south of the Victoria – New South Wales border cities of Albury – Wodonga, Australia. The license consists of a single contiguous parcel covering 418km<sup>2</sup>. The Exploration License lies within a northwest-trending belt of alluvial and hard rock gold mines that collectively produced 6.3 Moz in the past, mostly from alluvial mining, but also from hard rock production.

In February 2021 the Company secured the services of a Victorian-based exploration drilling company to commence a maiden diamond drilling program at its high-priority Happy Valley gold target on the Myrtleford Property. The drill rig was contracted for initial 1,000m at Happy Valley to test for down-dip extensions of four previously mined high-grade reefs. Details are contained in the Company's news release of February 1, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

The initial drill program produced several results of note. In June 2021, the Company announced the initial assay results from the first two drill holes, including on Drill hole HVD002: 0.70m @ 99.00 g/t Au from 94.90m downhole and on Drill hole HVD003: 11.1m @160 g/t Au from 190.40m downhole. Details are contained in the Company's news release of June 14, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

As a consequence of ongoing exploration activities and the assay results received from the first phase of drilling, the Company has applied for an additional Exploration Licence covering a total of 54km<sup>2</sup> immediately south and east of the current Myrtleford Property. The application has been registered with the Victorian Government and has no competing applications against it. In August 2021, the Company commenced a second round of drilling on the project to follow-up on the strength of earlier results.

Partial assay results were subsequently received from drill holes HVD006 and HVD007. Highlights were Drill hole HVD007: 5.35m @ 32.07 g/t Au from 149.80m downhole interpreted as a new structure and Drill hole HVD006: 2.30m @ 14.40 g/t Au from 135.10m down hole. Details are contained in the Company's news release of November 15, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

During the quarter, the Company also highlighted its detailed review (LIDAR survey and field work) of the 7 km long Twist Creek area, which has identified several distinct trends of former workings that will be followed up with further sampling work in the coming months. Details are contained in the Company's news release of October 26, 2021 filed on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***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.

On September 25, 2020, the Company announced it has completed a mapping and soil sampling grid of 663 samples over the course of 11 days on its Golden Girl property in British Columbia. 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.

Expenditure on the properties to date are summarized below.

	CANADA		AUSTRALIA		Total for six months ended October 31, 2021	Total for year ended April 30, 2021
	Golden Girl		Beaufort	Myrtleford		
<b>Property acquisition costs</b>						
Balance, beginning	\$ 1		\$ 1,612,675	\$ 6,450,700	\$ 8,063,376	\$ 88,682
Additions (sale)	(1)		-	-	-	8,063,375
<b>Balance, ending</b>	\$ -		\$ 1,612,675	\$ 6,450,700	\$ 8,063,376	\$ 8,152,057
<b>Exploration and evaluation costs</b>						
Balance, beginning	\$ -		\$ 326,954	\$ 214,493	\$ 541,447	\$ 1,332
Consulting, management fees and sub-contractors	-		197,788	298,977	496,765	231,030
Soil Sampling and mapping	-		74,144	40,539	114,684	242,493
Geophysics	-		19,517	25,350	44,867	16,517
Drilling	-		462,122	120,160	582,283	139,620
Other costs	-		46,447	63,535	109,982	18,884
<b>Balance, ending</b>	\$ -		\$ 1,126,974	\$ 763,054	\$ 1,890,028	\$ 649,876
<b>Impairment</b>	\$ -		\$ -	\$ -	\$ -	\$ (197,110)
<b>Total</b>	\$ -		\$ 2,739,649	\$ 7,213,754	\$ 9,953,403	\$ 8,604,823

## Results of Operations

The net losses for the six months ended October 31, 2021 and 2020 are summarized below:

	2021	2020
General and administrative services	\$ 89,420	\$ 2,445
Consulting fees	267,794	-
Foreign exchange	51,474	-
Marketing	279,970	-
Management fees	223,433	75,512
Payroll	4,157	-
Professional fees	81,932	38,062
Transfer agent, regulatory and listing fees	6,625	12,954
Stock-based compensation	839,135	-
	\$ (1,843,940)	\$ (128,973)

The overall increase in the expenditures is due to the Company's acquisition of the Beaufort and Myrtleford projects and effort to raise capital as discussed above. The marketing expense resulted from promotional activities undertaken in the period. Consulting fees related to third party vendors and fees charged by the CFO. Stock-based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period.

The net losses for the three months ended October 31, 2021 and 2020 are summarized below:

	2021	2020
General and administrative services	\$ 33,047	\$ 2,408
Consulting fees	85,897	-
Foreign exchange	53,238	-
Marketing	111,018	-
Management fees	179,325	67,262
Payroll	4,157	-
Professional fees	97,119	32,304
Transfer agent, regulatory and listing fees	2,165	8,230
Stock-based compensation	278,832	-
	\$ (844,798)	\$ (110,204)

The overall increase in the expenditures is due to the Company's acquisition of the Beaufort and Myrtleford projects and effort to raise capital as discussed above. The marketing expense resulted from promotional activities undertaken in the period. Consulting fees related to third party vendors and fees charged by the CFO. Stock-based compensation represents the value of stock options granted to directors, officers and consultants which vested in the period.

### Selected Quarterly Information

The following table provides selected quarterly financial data for the most recently completed interim quarters:

Quarter Ended	Loss for the period \$	Loss per Share (Basic & Diluted) \$	Total Assets \$
October 31, 2021	844,798	0.01	21,072,026
July 31, 2021	999,142	0.02	22,394,063
April 30, 2021	1,452,405	0.05	13,701,078
January 31, 2021	978,859	0.02	15,107,002
October 31, 2020	110,204	0.01	927,402
July 31, 2020	18,769	0.00	234,926
April 30, 2020	46,210	0.00	281,416
January 31, 2020	7,984	0.00	90,947

### Financial Condition, Liquidity and Capital Resources

As an exploration company, the Company has not generated any revenues from operations with the primary source of financing to date being from the issuance of equity securities and advancements received from related parties to continue the development of its mineral property.

As at October 31, 2021 the Company had a working capital of \$10,570,405 (April 30, 2021 - \$4,610,386) and cash of \$10,298,649 (April 30, 2021 - \$4,697,664).

There can be no assurance that financing will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

## Supplemental Cash Flow Information

### Operating Activities

During the six months ended October 31, 2021, cash used in operating activities was \$1,198,518 (2020 - \$79,673). The increase in cash used is partially as a result of an advance paid by the Company for a marketing contract. The increase in cash used in operating activities was also due to an increase in the net loss for the six months ended October 31, 2021, by \$1,714,967 in comparison to the six months ended October 31, 2020.

### Investing Activities

During the six months ended October 31, 2021, cash used in investing activities was \$1,527,835 (2020 - \$75,900) as a result of exploration activities on the Company's projects.

### Financing Activities

During the six months ended October 31, 2021, cash provided by financing activities was \$8,327,338 (2020 - \$721,161). The increase was due to the closing of the private placements and the exercise of warrants and stock options as discussed above.

## Off-Balance Sheet Arrangements

The Company has not entered into any off-balance-sheet arrangements.

## 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 October 31,		Six Months Ended October 31,	
	2021	2020	2021	2020
Management fees	\$ 178,138	\$ 67,292	\$ 222,224	\$ 75,512
Consulting fees	15,000	-	30,000	-
Stock-based compensation	262,534	-	630,692	-
	\$ 455,672	\$ 67,292	\$ 882,916	\$ 75,512

As at October 31, 2021, \$37,417 (April 30, 2021 - \$48,271) was due to directors of the Company. The amounts are non-interest bearing, unsecured and due on demand and are included in accounts payable and accrued liabilities.

## Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations and may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with IFRS. In preparing the audited financial statements in accordance with IFRS, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses for the period. Management reviews its estimates and assumptions on an ongoing basis using the most current information available.

## Critical Accounting Estimates

The preparation of the Company's audited 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) **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.
- ii) **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.
- iii) **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.

## **Financial Instruments and Capital Management**

Due to the short-term nature, the carrying amount of cash, amounts receivables and accounts payable and accrued liabilities approximates their fair value. Cash is measured at fair value while amounts receivable, accounts payables and accrued liabilities and amounts due to related parties are measure at amortized cost.

See Note 3 and 9 of the Company's April 30, 2021 audited financial statements for further details of the Company's use of financial instruments.

## **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as at the date of this report.

## **Disclosure of Outstanding Share Data**

As at the date of this report, the Company had 65,111,145 (April 30, 2021 – 55,792,615) common shares outstanding.

As at the date of this report, the Company had 4,525,000 stock options. All warrants previously granted have been exercised.

### **Investor Relations**

The Company has engaged Adelaide Capital to provide investor relations and other services.

### **Management's Responsibility for the Financial Statements**

The information provided in this report as referenced from the Company's condensed interim financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

### **Other Information**

#### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company, which can be accessed at [www.sedar.com](http://www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

#### **Cautionary Statement on Forward Looking Information**

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements.