



***CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS***

**For the Three and Six Months Ended June 30, 2022 and 2021**

**(Unaudited and Stated in United States Dollars)**

**ELEVATION GOLD MINING CORPORATION** *(formerly Northern Vertex Mining Corp)*

**Condensed Interim Consolidated Statements of Financial Position**

*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

As at:	Notes	June 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 3,646	\$ 1,068
Trade and other receivables		37	58
Inventory	4	24,882	27,005
Prepaid expenses and deposits		762	433
<b>Total current assets</b>		<b>29,327</b>	<b>28,564</b>
<b>Non-current assets</b>			
Restricted cash		1,804	1,770
Plant and equipment	5	50,961	47,376
Mineral properties	5	31,069	63,273
<b>Total assets</b>		<b>\$ 113,161</b>	<b>\$ 140,983</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	\$ 10,458	\$ 10,677
Current portion of debt	7	191	4,529
Deferred revenue	8	4,000	-
Current portion of leases	9	273	435
Current portion of silver stream	10	2,069	2,271
Current portion of derivatives	12	5,172	3,730
<b>Total current liabilities</b>		<b>22,163</b>	<b>21,642</b>
<b>Non-current liabilities</b>			
Debt	7	5,906	5,871
Leases	9	339	468
Silver stream	10	11,678	12,378
Provision for reclamation	11	6,327	6,714
Derivatives	12	3,255	7,905
<b>Total liabilities</b>		<b>49,668</b>	<b>54,978</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	13	113,320	101,124
Equity reserves		25,274	24,471
Deficit		(75,101)	(39,590)
<b>Total shareholders' equity</b>		<b>63,493</b>	<b>86,005</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 113,161</b>	<b>\$ 140,983</b>

*Nature of operations and going concern – Note 1*

*Commitments – Note 23*

*Subsequent events – Note 25*

APPROVED AND AUTHORIZED ON BEHALF OF THE BOARD (NOTE 2):

Signed “Douglas Hurst”, DIRECTOR

Signed “Marcel de Groot”, DIRECTOR

*The accompanying notes are an integral part of these unaudited, condensed interim consolidated financial statements.*

**ELEVATION GOLD MINING CORPORATION** *(formerly Northern Vertex Mining Corp)*

**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**

*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

		Three Months Ended		Six Months Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Revenue</b>	15	\$ 14,386	\$ 16,590	\$ 27,920	\$ 32,991
<b>Cost of sales</b>					
Production costs	16	(17,583)	(10,710)	(28,982)	(20,913)
Depletion and depreciation	5	(2,402)	(2,286)	(4,009)	(4,463)
Royalties		(726)	(852)	(1,344)	(1,753)
<b>Total cost of sales</b>		<b>(20,711)</b>	<b>(13,848)</b>	<b>(34,335)</b>	<b>(27,129)</b>
<b>Income (loss) from mine operations</b>		<b>(6,325)</b>	2,742	<b>(6,415)</b>	5,862
Corporate administrative expenses	17	(1,001)	(1,238)	(1,752)	(2,811)
<b>Operating income (loss)</b>		<b>(7,326)</b>	1,504	<b>(8,167)</b>	3,051
Finance costs	18	(1,878)	(1,618)	(3,417)	(3,184)
Gain (loss) on revaluation of derivative liabilities		9,253	805	10,023	(834)
Impairment of mineral properties	5	(33,850)	-	(33,850)	-
Foreign exchange gain (loss)		(3)	50	(100)	133
<b>Income (loss) and comprehensive income (loss) for the period</b>		<b>\$ (33,804)</b>	\$ 741	<b>\$ (35,511)</b>	\$ (834)
<b>Income (loss) per share</b>					
Basic	14	\$ (0.31)	\$ 0.01	\$ (0.40)	\$ (0.01)
Diluted	14	\$ (0.31)	\$ 0.01	\$ (0.40)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>					
Basic	14	110,391,281	60,612,761	87,700,782	56,910,026
Diluted	14	110,391,281	63,793,310	87,700,782	56,910,026

*The accompanying notes are an integral part of these unaudited, condensed interim consolidated financial statements.*

**ELEVATION GOLD MINING CORPORATION** *(formerly Northern Vertex Mining Corp)*

**Condensed Interim Consolidated Statements of Changes in Equity**

*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

	Notes	Number of Shares	Share Capital	Equity Reserves			Total Equity Reserves	Deficit	Total Equity
				Share Option Reserve	Warrant Reserve	Other Comprehensive Income (Loss)			
<b>Balance, December 31, 2020</b>		<b>45,185,895</b>	<b>\$ 65,518</b>	<b>\$ 7,385</b>	<b>\$ 21,928</b>	<b>\$ (5,743)</b>	<b>\$ 23,570</b>	<b>\$ (41,413)</b>	<b>\$ 47,675</b>
Shares issued for:									
Purchase of Eclipse Gold Mining Corp	3	18,160,021	39,431	307	-	-	307	-	39,738
Convertible debt interest payment	7	44,952	100	-	-	-	-	-	100
Mineral property acquisition		181,667	385	-	-	-	-	-	385
Mining contractor settlement		60,850	150	-	-	-	-	-	150
Exercise of warrants		4,583	9	-	-	-	-	-	9
Exercise of stock options	13	340,840	703	(316)	-	-	(316)	-	387
Cancellation of shares held by Eclipse Gold Mining Corp		(3,251,840)	(5,392)	-	-	-	-	(1,752)	(7,144)
Share-based compensation	13	-	-	272	-	-	272	-	272
Net loss for the period		-	-	-	-	-	-	(834)	(834)
<b>Balance, June 30, 2021</b>		<b>60,726,968</b>	<b>\$ 100,904</b>	<b>\$ 7,648</b>	<b>\$ 21,928</b>	<b>\$ (5,743)</b>	<b>\$ 23,833</b>	<b>\$ (43,999)</b>	<b>\$ 80,738</b>
<b>Balance, December 31, 2021</b>		<b>60,863,627</b>	<b>\$ 101,124</b>	<b>\$ 8,286</b>	<b>\$ 21,928</b>	<b>\$ (5,743)</b>	<b>\$ 24,471</b>	<b>\$ (39,590)</b>	<b>\$ 86,005</b>
Shares issued for:									
Private placements	13	43,585,310	12,085	-	320	-	320	-	12,405
Debt repayment	7	5,760,677	1,568	-	85	-	85	-	1,653
Mineral property acquisition		181,667	90	-	-	-	-	-	90
Share issuance costs		-	(1,547)	-	-	-	-	-	(1,547)
Share-based compensation	13	-	-	398	-	-	398	-	398
Net loss for the period		-	-	-	-	-	-	(35,511)	(35,511)
<b>Balance, June 30, 2022</b>		<b>110,391,281</b>	<b>\$ 113,320</b>	<b>\$ 8,684</b>	<b>\$ 22,333</b>	<b>\$ (5,743)</b>	<b>\$ 25,274</b>	<b>\$ (75,101)</b>	<b>\$ 63,493</b>

*The accompanying notes are an integral part of these unaudited, condensed interim consolidated financial statements.*

**ELEVATION GOLD MINING CORPORATION** *(formerly Northern Vertex Mining Corp)*

**Condensed Interim Consolidated Statements of Cash Flows**

*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

	Notes	Six Months Ended	
		June 30, 2022	June 30, 2021
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (35,511)	\$ (834)
<u>Items not affecting cash:</u>			
Share-based compensation	13	398	122
Other share-based payments		-	150
Depletion and depreciation	5	4,065	4,467
Fair value change on derivative liabilities	12	(10,023)	834
Interest expense, including accretion		1,984	1,994
Drawdown of silver stream obligation		(2,215)	(2,345)
Deferred revenue recognized		(2,000)	-
Impairment of mineral properties	5	33,850	-
Unrealized foreign exchange loss (gain)		(337)	87
<u>Changes in non-cash working capital:</u>			
Trade and other receivables		20	(235)
Inventory	4	1,429	(1,906)
Proceeds from deferred revenue		6,000	-
Prepaid expenses and deposits		(481)	127
Trade and other payables		(2,215)	66
<b>Cash provided by (used in) operating activities</b>		<b>(5,036)</b>	<b>2,527</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of share capital, net	13	17,100	-
Proceeds from exercise of options and warrants		-	396
Repayment of debt		(2,324)	(96)
Repayment of lease obligation		(302)	(1,011)
Interest paid		(48)	(183)
<b>Cash provided by (used in) financing activities</b>		<b>14,426</b>	<b>(894)</b>
<b>Cash flows from investing activities</b>			
Mineral property expenditures		(2,912)	(5,021)
Plant and equipment expenditures		(4,060)	(10,432)
Cash acquired in purchase of Eclipse		-	13,083
Restricted cash		(34)	274
Eclipse transaction costs		-	(894)
<b>Cash provided by (used in) investing activities</b>		<b>(7,006)</b>	<b>(2,990)</b>
Effect of foreign exchange on cash and cash equivalents		194	(37)
<b>Change in cash and cash equivalents during the period</b>		<b>2,578</b>	<b>(1,394)</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>1,068</b>	<b>8,285</b>
<b>Cash and cash equivalents, end of the period</b>		<b>\$ 3,646</b>	<b>\$ 6,891</b>

*Supplemental disclosure of non-cash activities – Note 20*

*The accompanying notes are an integral part of these unaudited, condensed interim consolidated financial statements.*

## 1. NATURE OF OPERATIONS AND GOING CONCERN

### Nature of Operations

Elevation Gold Mining Corporation (the “Company”) is incorporated under the laws of the province of British Columbia, Canada and its principal business activity is the production, exploration, and development of precious metals. The address of the Company’s registered office is Suite 1920 – 1188 West Georgia Street, Vancouver, British Columbia, Canada. The Company’s common shares are listed on the Toronto Stock Venture Exchange (“TSXV”) in Canada under the ticker symbol ELVT and on the OTCQX in the United States under the ticker symbol EVGDF.

The Company’s principal operation is the production of gold and silver from its 100% owned Moss Mine in the Mohave County of Arizona. Through the Company’s acquisition of Eclipse Gold Mining Corporation (“Eclipse”), Elevation also holds the title to the Hercules exploration property, located in Lyon County, Nevada. Effective September 24, 2021, the Company changed its name from Northern Vertex Mining Corp. to Elevation Gold Mining Corporation. Prior to the change in the Company’s name, the Company’s common shares were trading on the TSXV under the ticker symbol NEE.

### Going concern

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from June 30, 2022. There are conditions and events, which constitute material uncertainties that may cast significant doubt on the validity of this assumption.

As at June 30, 2022, the Company had working capital of \$7,164 and in the six months ended June 30, 2022, the Company incurred a loss of \$35,511, which included an impairment of mineral properties totaling \$33,850 (see Note 5). The Company used cash in operations of \$5,036, used cash for investing activities of \$7,006, and added \$14,426 in cash from financing activities.

The ongoing operations and capital expenditures of the Moss Mine are dependent on the Company’s ability to generate sufficient cash flow from production, which is subject to commodity price risk from fluctuations in the market prices for gold and silver. To continue operations at the Moss Mine, the Company will require additional financing. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future.

These condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern. Such adjustments may be material.

### Covid-19 – Impact on Operations

The COVID-19 pandemic has significantly impacted the global economy, disrupted global supply chains, and created significant volatility in the financial markets. To date, the impact of COVID-19 on Elevation’s operational and financial performance has been minimized through a combination of controls and strict safety protocols.

## **1. NATURE OF OPERATIONS - continued**

### **Covid-19 – Impact on Operations - continued**

These measures have included monitoring employees and contractors for illness, physical distancing measures, implementation of remote work and video conferencing, cancellation of non-essential travel, screening questionnaires, adherence to mask mandates, daily sanitation and routine deep cleaning of the workplace spaces, and occasional bulk inventory purchases, were appropriate, to guard against supply chain delay issues.

While the Company has not yet been significantly impacted by COVID-19, additional government or regulatory actions or inactions, in the future, around the world in jurisdictions where the Company or its suppliers operate may also have a potential significant, economic and social impact. If the Company's operations are disrupted or suspended because of these or other measures, it may have a material adverse effect on the Company's business, results of operations and financial performance. The extent to which COVID-19 may impact the Company's future business and operations will depend on future developments that are highly uncertain and cannot be accurately estimated at this time.

## **2. BASIS OF PRESENTATION**

### **Basis of Presentation and Statement of Compliance**

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS.

The accounting policies and basis of presentation applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

These unaudited condensed interim consolidated financial statements were approved by the Board of Directors of the Company on August 29, 2022.

### **Basis of Consolidation**

The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and has the ability to affect those returns through power to direct the relevant activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries will be de-consolidated from the date that control ceases. The Company's subsidiaries names, country of incorporation, percentage ownership, and principal activities are unchanged from the year ended December 31, 2021. All transactions and balances between the Company and its subsidiaries are eliminated on consolidation. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

## 2. BASIS OF PRESENTATION - *continued*

### Share Consolidation

On September 24, 2021 the Company completed a consolidation of the issued and outstanding common shares on the basis of one post-consolidation Common Share for every six pre-consolidation Common Shares. The common shares of the Company commenced trading on the TSXV on a post-consolidation basis on September 24, 2021. The Company's trading symbol is ELVT. The exercise or conversion price and the number of shares issuable under the Company's outstanding stock options, warrants, and other convertible instruments were proportionately adjusted upon completion of the consolidation. All information relating to earnings/loss per share, issued and outstanding common shares, share options, and per share amounts in these financial statements have been adjusted retrospectively to reflect the share consolidation.

### Significant Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make accounting policy judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical accounting policy judgments and estimates applied in the preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in Note 4 of the Company's audited annual consolidated financial statements for the year ended December 31, 2021.

## 3. ACQUISITION OF ECLIPSE GOLD MINING CORP

On February 12, 2021, the Company acquired Eclipse in exchange for 18,160,021 common shares of the Company with a fair value of \$39,431. Total consideration in the acquisition was as follows:

Common shares	\$ 39,431
Warrants	2,139
Share options	307
Transaction costs	948
<b>Total consideration</b>	<b>\$ 42,825</b>

The Company accounted for the acquisition of Eclipse as an asset acquisition. Significant judgement and estimates were required to determine that the application of this accounting treatment was appropriate for the transaction. These included, among others, the determination that Eclipse was not considered a business under IFRS 3, *Business Combinations*, as Eclipse did not have significant inputs, processes and output, that together constitute a business.

The total consideration was allocated to the assets and liabilities acquired based on their fair values as follows:



**Notes to the Condensed Interim Consolidated Financial Statements**

For the Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

**3. ACQUISITION OF ECLIPSE GOLD MINING CORP - continued**

Cash and cash equivalents	\$	13,083
Trade and other receivables		46
Investment in Elevation Gold		7,061
Prepaid expenses and deposits		206
Restricted cash		140
Plant and equipment		5
Mineral properties		22,736
Trade and other payables		(435)
Provision for reclamation		(17)
<b>Net assets and liabilities acquired</b>	<b>\$</b>	<b>42,825</b>

**4. INVENTORY**

As at:	<b>June 30, 2022</b>		December 31, 2021	
Heap leach ore	\$	<b>22,225</b>	\$	23,496
Dore		<b>1,061</b>		1,760
Stockpiled ore		<b>1,176</b>		1,481
Consumables and supplies		<b>420</b>		268
	<b>\$</b>	<b>24,882</b>	<b>\$</b>	<b>27,005</b>

During the six months ended June 30, 2022, the Company conducted an independent study which reviewed the Company's estimated recoverable gold and silver ounces in its heap leach ore inventory on June 30, 2022. Based on the findings in the study, the Company has written down heap leach ore inventory by \$3,958 for the six months ended June 30, 2022. In addition, for the six months ended June 30, 2022, the Company recorded a net realizable value write-down associated with its heap leach ore and dore inventory totalling \$2,562. The write-down to net realizable value was the result of higher mining and processing costs incurred over the period, lower gold prices in the three months ended June 30, 2022, and lower-grade ore mined for the six months period ending June 30, 2022.

As a result of the above, for the six months ended June 30, 2022, the Company recorded a total write-down to heap leach ore and dore inventory of \$6,520, of which \$5,769 was included in production costs and \$752 was included in depletion and depreciation (the three months ended June 30, 2022 includes the write-down of \$6,035, of which \$5,343 was included in production costs and \$693 was included in depletion and depreciation). There were no amounts written down for the three or six months ended June 30, 2021.

**Notes to the Condensed Interim Consolidated Financial Statements**

For the Three and Six Months Ended June 30, 2022 and 2021

*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

**5. MINERAL PROPERTIES, PLANT AND EQUIPMENT**

The following table provides a continuity schedule for the Company's mineral properties and plant and equipment for the six months ended June 30, 2022 and the year ended December 31, 2021.

	Depletable mineral properties	Non- depletable mineral properties	Plant and equipment	Total
<b>Cost</b>				
Balance at December 31, 2020	\$ 30,421	\$ 8,935	\$ 59,663	\$ 99,019
Additions	4,040	8,737	12,554	25,331
Acquisition of Eclipse Gold Mining Corp.	-	22,736	5	22,741
Transfer from non-depletable mineral properties	2,789	(2,789)	-	-
Future site restoration provision adjustment	(83)	-	-	(83)
Disposals	-	-	(811)	(811)
<b>Balance at December 31, 2021</b>	<b>\$ 37,167</b>	<b>\$ 37,619</b>	<b>\$ 71,411</b>	<b>\$ 146,197</b>
Additions	-	3,002	5,894	8,896
Impairment	(21,530)	(12,320)	-	(33,850)
Future site restoration provision adjustment	(452)	-	-	(452)
<b>Balance at June 30, 2022</b>	<b>\$ 15,185</b>	<b>\$ 28,301</b>	<b>\$ 77,305</b>	<b>\$ 120,791</b>
<b>Accumulated Depreciation</b>				
Balance at December 31, 2020	\$ 8,830	\$ -	\$ 19,055	\$ 27,885
Depletion and depreciation	2,683	-	5,543	8,226
Disposals	-	-	(563)	(563)
<b>Balance at December 31, 2021</b>	<b>\$ 11,513</b>	<b>\$ -</b>	<b>\$ 24,035</b>	<b>\$ 35,548</b>
Depletion and depreciation	904	-	2,309	3,213
<b>Balance at June 30, 2022</b>	<b>\$ 12,417</b>	<b>\$ -</b>	<b>\$ 26,344</b>	<b>\$ 38,761</b>
<b>Net book value at December 31, 2021</b>	<b>\$ 25,654</b>	<b>\$ 37,619</b>	<b>\$ 47,376</b>	<b>\$ 110,649</b>
<b>Net book value at June 30, 2022</b>	<b>\$ 2,768</b>	<b>\$ 28,301</b>	<b>\$ 50,961</b>	<b>\$ 82,030</b>

Depletable mineral properties consist of the Moss Mine. Non-depletable mineral properties consist of exploration and evaluation on the Moss Property, the Silver Creek Property and the Hercules Property, which are considered separate from the Moss Mine.

**Moss Mine Property** – Mohave County, Arizona

The Company owns 100% of the Moss Mine and has royalty agreements with various parties whereby the Company pays net smelter returns ("NSR") royalties totalling approximately 6% to various royalty holders - ranging from 1% to 3% on certain patented and unpatented claims related to the Moss Mine. In addition, the Moss Mine is also responsible for a royalty of up to \$15 per troy ounce of gold and up to \$0.35 per troy ounce of silver produced on the project.

Impairment assessment

During the six months ended June 30, 2022, the Company recognized a non-cash impairment of mineral properties of \$33,850, of which \$21,530 was recorded in depletable mineral properties and \$12,320 in non-depletable mineral properties (2021: \$Nil).

## **5. MINERAL PROPERTIES, PLANT AND EQUIPMENT – continued**

### Indicators of impairment

Management of the Company completed an assessment of impairment indicators for the Moss Mine cash generating unit (“CGU”), as the Company’s market capitalization fell below the carrying value of net assets. Accordingly, the Company estimated the recoverable amounts of the CGU and compared them to the carrying value of the CGU. Upon completion of the Company’s impairment assessment, it was determined that the Moss Mine CGU was impaired by a total of \$33,850, which resulted in a charge of the same amount to the Company’s statement of income and loss.

### Key assumptions in impairment assessment and sensitivity analysis

The projected cash flows used in impairment testing are significantly affected by changes in assumptions. The analysis reflects the lower gold prices and inflationary pressures resulting in increases to commodity prices most recently encountered in the second quarter of 2022. Key assumptions included by management in the discounted cash-flow model included a gold price ranging from \$1,750 to \$1,800, gold and silver recoveries of 80% and 43% as indicated in life of mine plans, and real after-tax discount rate of 5%. The Company performed a sensitivity analysis on these key assumptions. Based on the impairment testing performed at June 30, 2022, the sensitivity to changes in these key assumptions is as follows:

- a 10% decrease in the short and long-term gold price would result in an additional impairment of \$14.7 million,
- a 10% decrease in gold recoveries would result in an additional impairment of \$17.4 million, and
- a 5% increase in the real after-tax discount rate would result in an additional impairment of \$4.1 million.

### **Silver Creek Property** – Mohave County, Arizona

In May 2014 (as amended in June 2017 and August 2019), the Company secured an option on the Silver Creek Property, located adjacent to the Moss Mine from La Cuesta International, Inc. (“LCI”). Pursuant to the terms of the 35-year mineral lease and option agreement, the Company paid LCI \$5 and issued 16,667 common shares on execution of agreement while also committing to certain exploration expenditure requirements, which have now been fulfilled. From 2019 onwards the Company is required to make cash payments of \$25 every six months. As at June 30, 2022, the Silver Creek Property is in good standing and all payments and commitments are current.

The agreement includes a production royalty of 1.5% NSR on claims owned 100% by LCI and 0.5% NSR on third party claims within the claim block. To acquire the claims, the Company is required to make payments to LCI totalling \$4,000 in any combination of aggregate royalty payments and lump-sum payments at its sole discretion.

All payments other than the work commitments are credited against the royalty, including amounts paid to date. Once \$4,000 has been paid, the NSR rates, on claims not otherwise acquired, reduce by 50%. No royalty payments on the Silver Creek Property claims have been made to date as the Company is not currently mining from the area included in this agreement.

## 5. MINERAL PROPERTIES, PLANT AND EQUIPMENT - continued

### Hercules Property - Lyon County, Nevada

On August 9, 2019, Hercules Gold entered into an agreement with Great Basin Resources, Inc and Iconic Minerals Ltd. for an option to obtain 100% interest in the Hercules Project, comprising certain unpatented mining claims. The option agreement has a maximum term of twelve years from February 18, 2020. Following the acquisition of Eclipse by the Company, the parties entered into an amending agreement dated February 12, 2021. Pursuant to the terms of the agreement, the Company issued 181,666 common shares to Iconic Minerals Ltd. in February 2021 and issued a further 181,666 common shares on the first anniversary (February 2022) and is required to issue a further 181,666 in common shares on the second anniversary to keep the project in good standing. The Company needs to also make annual payments of \$50 to Great Basin Resources, Inc up to an aggregate of \$600, which began in February 2021. Additionally, the Company was subject to a work commitment of \$2,300 over the first three years of the agreement, which has been completed. The Company is in compliance with all terms of the agreement and the project is in good standing as at June 30, 2022.

## 6. TRADE AND OTHER PAYABLES

As at:		June 30, 2022		December 31, 2021
Trade accounts payable	\$	6,163	\$	6,398
Accrued liabilities		3,918		3,629
Royalties		377		650
	\$	10,458	\$	10,677

## 7. DEBT

As at:	Note		June 30, 2022		December 31, 2021
Convertible debentures	(7a)	\$	3,668	\$	3,541
Multiple advance promissory notes	(7b)		2,429		2,523
Short term loans	(7c)		-		4,336
			6,097		10,400
Current portion of debt	23		(191)		(4,529)
		\$	5,906	\$	5,871

### a) Convertible Debentures

In June 2020, the Company issued a series of subordinated unsecured convertible debentures with principal totalling CAD \$6,710, bearing interest at 5% per annum (payable on June 30 and December 31 of each year while outstanding) and maturing on June 30, 2025. Interest may, at the option of the Company, be settled in common shares, subject to regulatory approval.

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*(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)*

**7. DEBT – continued**

**a) Convertible Debentures - continued**

The principal amount of the debentures is convertible into common shares of the Company at the price of CAD \$2.40 per share. The Company may redeem the convertible debentures in cash on or after July 31, 2022, in whole or in part from time to time, upon required prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, provided that the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice must be less than the conversion price. Additionally, on or after July 31, 2022, the Company has the option to repay the principal amount of the debentures in common shares, provided certain circumstances are met including but not limited to: no default has occurred and is continuing at such time, and the trading price of the common shares for the 20 consecutive trading days ending five trading days prior to the date of the redemption notice or maturity date (as the case may be) is at least 150% of the conversion price of CAD \$2.40 per share.

The convertible debentures contain an embedded derivative (the “Conversion Component”) relating to the conversion option and a conversion price fixed in CAD \$. The Conversion Component’s fair value as at June 30, 2022 was estimated to be \$6 (December 31, 2021 - \$381) using the Black Scholes option-pricing model (Note 12).

		<b>Six Months Ended June 30, 2022</b>		Year Ended December 31, 2021
Balance, beginning of period	\$	<b>3,541</b>	\$	3,195
Interest accretion		<b>187</b>		336
Foreign exchange movement		<b>(60)</b>		10
Balance, end of period	\$	<b>3,668</b>	\$	3,541

**b) Multiple Advance Promissory Notes**

In February 2020, the Company completed a term loan financing of \$2,869 at rates currently approximating 1.9% per annum over a fifteen-year amortization period, for the purpose of constructing an electrical power line to the Moss Mine.

		<b>Six Months Ended June 30, 2022</b>		Year Ended December 31, 2021
Balance, beginning of period	\$	<b>2,523</b>	\$	<b>2,708</b>
Principal payments		<b>(96)</b>		<b>(191)</b>
Financing costs		<b>2</b>		<b>6</b>
Balance, end of period	\$	<b>2,429</b>	\$	<b>2,523</b>

**c) Short Term Loans**

In November 2021, the Company agreed on terms for two short term unsecured loans totalling CAD \$5,500. The original loans had maturity dates of February 28, 2022 and were subject to fixed annual interest rates of 10% and 18%, payable on maturity. One of the loans, totalling CAD \$500 was with a director of the Company and as such is classified as a related party transaction (Note 21).

**7. DEBT – continued**

**c) Short Term Loans - continued**

	<b>Six Months Ended</b>		<b>Year Ended</b>	
	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Balance, beginning of period	\$	4,336	\$	-
Issued		-		4,338
Settlement of short term loan		(4,392)		-
Foreign exchange movement		56		(2)
Balance, end of period	\$	-	\$	4,336

Concurrent with the closing of the Company's private placement in March 2022, the Company issued an aggregate of 5,592,890 units (Note 13) in partial settlement of a portion of the short term loans discussed above. Pursuant to the terms of the settlement, total principal of CAD \$2,215 and interest of CAD \$249 was settled through the issuance of 4,649,494 units of the Company. In addition, the related party balance of principal totalling CAD \$500 was settled through the issuance of 943,396 units of the Company, with the director of the Company waiving the right to receive interest on settlement. As at June 30, 2022, there were \$Nil (December 31, 2021 – CAD \$500) of short term loans owing to related parties. As a result of the settlement of the short term loans, the Company recognized a loss on settlement of \$85 for the six months ended June 30, 2022.

In April 2022, the Company repaid the remaining principal and interest balance in full, thereby eliminating any further obligations related to the short term loans (Note 25).

**8. DEFERRED REVENUE FROM GOLD STREAM FACILITY**

In January 2022, the Company entered into a prepaid gold facility for consideration of \$6,000, the Company agreed to sell and deliver a specified amount of refined gold, with deliveries of such amounts and an additional \$1,000 of refined gold quarterly beginning March 28, 2022 until expiry of the agreement on June 28, 2023. The prepaid gold facility is held by Maverix Metals Inc., a company with a director in common with Elevation. The specified amount of refined gold under the agreement are as follows:

- 86 ounces of refined gold due on March 28, 2022 (delivered)
- 76 ounces of refined gold due on June 28, 2022 (delivered)
- 61 ounces of refined gold due on September 28, 2022
- 45 ounces of refined gold due on December 28, 2022
- 30 ounces of refined gold due on March 28, 2023
- 15 ounces of refined gold due on June 28, 2023

	<b>Six Months Ended</b>		<b>Year Ended</b>	
	<b>June 30, 2022</b>		<b>December 31, 2021</b>	
Balance, beginning of period	\$	-	\$	-
Deferred revenue received		6,000		-
Gold delivered and revenue recognized		(2,000)		-
Balance, end of period	\$	4,000	\$	-

For the six months ended June 30, 2022, the Company delivered the required gold ounces under the terms of the agreement and recognized revenue of \$2,000 and concurrently recognized finance charges of \$292 for the six months ended June 30, 2022 (from delivery of 162 ounces of gold).

## 9. LEASES

In 2018, the Company executed a definitive Master Lease Agreement (the “MLA”) for up to \$9,000 of equipment purchases. The significant terms and conditions of the MLA include: a maximum of \$9,000 available to fund equipment purchases with 10% to 30% due as advance payments at lease commencement, fixed quarterly payments over a four-year lease period, interest rate of 3-month USD LIBOR plus additional interest rates ranging from 5.00% to 6.25% per annum and the right to buy the equipment at the end of the lease period for nominal consideration. The MLA is secured with the acquired assets in favour of the lender and a guarantee from the Company. Minimum lease payments and present value of lease obligations are as follows:

	<b>Six Months Ended</b>		Year Ended	
	<b>June 30, 2022</b>		December 31, 2021	
Balance, beginning of period	\$	<b>903</b>	\$	2,511
Minimum lease payments		-		185
IFRS 16 lease obligation recognition		-		321
Principal payments		<b>(302)</b>		(2,136)
Financing costs		<b>11</b>		22
Balance, end of period		<b>612</b>		903
Current portion of leases		<b>(273)</b>		(435)
Non-current portion of leases	\$	<b>339</b>	\$	468

## 10. SILVER STREAM

The Company entered into a \$20,000 silver streaming transaction with an effective date of October 1, 2018. Under the terms of the agreement, the Company must deliver 100% of payable silver into the agreement until 3.5 million ounces are delivered, thereafter, 50% of payable ounces will be supplied into the agreement over the life of the mine on a monthly basis. As at June 30, 2022, a total of 1,004,135 ounces of silver have been credited against the agreement. The silver stream agreement is with Maverix Metals Inc., a company with a director in common with the Company.

Deliveries are subject to a ratio of silver to actual gold produced whereby, in the event the ratio is not met, the Company is required to purchase and deliver silver ounces required to achieve the ratio. The silver stream is secured with a first charge over assets.

The Company receives 20% of the five-day average spot silver price at the time each ounce of silver is delivered. The Company recognizes silver revenue for silver ounces delivered under the arrangement at the spot price at the time of delivery. The silver advance is reduced by silver ounces delivered at the forward spot price at the inception of the agreement, offset by the financial liability’s accretion over the life of the mine.

The silver stream has been accounted for as a financial liability with an embedded derivative which relates to changes in silver price and expected production. The financial liability is measured at amortized cost. The embedded derivative is recorded at fair value each reporting period with changes reflected in the consolidated statements of income (loss) and comprehensive income (loss). At June 30, 2022, the fair value of the embedded derivative was \$6,791 (December 31, 2021 - \$10,617) (Note 12).

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**10. SILVER STREAM - continued**

	<b>Six Months Ended</b>		Year Ended	
	<b>June 30, 2022</b>		December 31, 2021	
Balance, beginning of period	\$	14,649	\$	16,362
Silver deliveries		(2,055)		(5,314)
Settlement loss (gain) (Note 18)		(160)		735
Interest accretion (Note 18)		1,313		2,866
Balance, end of period		13,747		14,649
Current portion of silver stream		(2,069)		(2,271)
Non-current portion of silver stream	\$	11,678	\$	12,378

**11. PROVISION FOR RECLAMATION**

The Company's provision for reclamation relates to the environmental restoration and closure costs associated with the Moss Mine. The provision has been recorded at its net present value using a discount rate of 2.98% and a long-term inflation rate of 2.08%, with expenditures anticipated over a five-year period beginning in 2025. The provision is remeasured at each reporting date based on land disturbance. Accretion expense is recognized in the consolidated statements of income (loss) and comprehensive income (loss). The total undiscounted amount of the Company's estimated obligation, based on land disturbances at the Moss Mine as of June 30, 2022, was \$7,196.

	<b>Six Months Ended</b>		Year Ended	
	<b>June 30, 2022</b>		December 31, 2021	
Balance, beginning of period	\$	6,714	\$	2,756
Acquisition of Eclipse		-		17
Change in estimate		(452)		3,908
Accretion		65		33
Balance, end of period	\$	6,327	\$	6,714

**12. DERIVATIVES**

As at:	Note	<b>June 30, 2022</b>		December 31, 2021	
Warrants	(12a)	\$	1,630	\$	637
Silver stream embedded derivative	(12b)		6,791		10,617
Convertible debenture	(12c)		6		381
			8,427		11,635
Current portion of derivatives			(5,172)		(3,730)
Non-current portion of derivatives		\$	3,255	\$	7,905



## 12. DERIVATIVES - continued

### a) Warrants

The Company's functional currency is the US dollar. As the exercise price of the Company's share purchase warrants is fixed in CAD \$, a variable amount of cash in the Company's functional currency will be received on warrant exercise. Accordingly, these share purchase warrants are classified and accounted for as derivatives at fair value through profit or loss. The fair value of warrants issued are valued using their market price on the TSXV, or where a market price is not available, the Black-Scholes option-pricing model. The warrants have exercise prices ranging between CAD \$0.53 to CAD \$6.24 with remaining lives of 0.5 to 4.7 years (Note 13). The following assumptions were used for the Black-Scholes valuation of warrants:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Risk-free interest rate	3.10%	0.95%
Expected life of warrants	0.5-4.7 years	1.0 – 1.2 years
Dividend rate	Nil	Nil
Expected share price volatility	67-71%	50%
Fair value per warrant issued or amended (CAD \$)	\$0.00-\$0.04	\$0.00-\$0.04

The table below is a continuity schedule for the warrant derivative for each of the periods noted.

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance, beginning of period	\$ 637	\$ 2,087
Issuance of warrants (Note 13)	6,952	2,139
Exercise of warrants	-	(3)
Change in fair value	(5,822)	(3,644)
Foreign exchange movement	(137)	58
Balance, end of period	1,630	637
Current portion of warrant derivative	(1,630)	(637)
Non-current portion of warrant derivative	\$ -	\$ -

### b) Silver Stream Embedded Derivative

The silver stream embedded derivative is valued using a Monte Carlo simulation valuation model. The key inputs used by the Monte Carlo simulation are the silver forward curve price, long-term silver production volatility, the risk-free interest rate and the Company's credit spread. The valuation of the silver stream embedded derivative also required estimation of the Company's anticipated production schedule of silver ounces delivered over the life of mine.

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance, beginning of period	\$ 10,617	\$ 15,599
Change in fair value	(3,826)	(4,982)
Balance, end of period	6,791	10,617
Current portion of derivative	(3,542)	(3,093)
Non-current portion of derivative	\$ 3,249	\$ 7,524

## 12. DERIVATIVES - continued

### c) Convertible Debenture

The outstanding convertible debenture (Note 7) is deemed to contain an embedded derivative (the "Conversion Component") relating to the conversion option and a conversion price fixed in CAD \$. The Conversion Component's fair value was estimated using the Black Scholes option-pricing model and volatility. Fair value gains and losses at each reporting period are recorded in the consolidated statements of income (loss) and comprehensive income (loss). The following assumptions were used for the Black-Scholes valuation of the Conversion Component:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Risk-free interest rate	3.14%	1.25%
Expected life	3.0 years	3.5 years
Dividend rate	Nil	Nil
Share price volatility	67%	65%

The table below is a continuity schedule for the derivative associated with the 2020 convertible debenture for each of the periods noted.

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Balance, beginning of period	\$ 381	\$ 2,822
Change in fair value	(375)	(2,441)
Balance, end of period	\$ 6	\$ 381

## 13. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE

### Authorized and Issued Share Capital

At June 30, 2022 and December 31, 2021, the Company had 110,391,281 and 60,863,627 common shares issued and outstanding, respectively. The authorized share capital consists of an unlimited number of common shares without par value.

### Issuances of Share Capital

During the six months ended June 30, 2022, the Company completed an equity financing, whereby a total of 43,301,000 units of the Company were issued at a price of CAD \$0.53 per unit for total gross proceeds of \$18,294. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, each warrant entitling the holder to acquire an additional common share of the Company at an exercise price of CAD \$0.70 until March 24, 2027. The Company paid a total of \$1,228 in cash for broker commissions, regulatory fees and legal expenses related to the financing. As consideration for services performed in connection with the equity financing, the broker also received a total of 284,310 units with a fair value of \$120 and 2,313,750 broker warrants with a fair value of \$200. The broker warrants have an exercise price of CAD \$0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD \$0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years.

### 13. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – continued

#### Issuances of Share Capital - continued

Concurrent with the closing of the equity financing, the Company issued an aggregate of 5,592,890 additional units (“Debt Settlement Units”) in partial settlement of certain short-term loans (Note 7). The fair value of the Debt Settlement Units totalled \$2,363, of which \$2,164 was applied to principal and \$199 against interest payable on the short term loans. As consideration for services performed in connection with the debt settlement, the broker received a total of 167,787 units with a value of \$71 and 167,787 broker warrants with a fair value of \$14. The broker warrants have an exercise price of CAD \$0.53 per share and an expiry date of 2 years from the date of grant. The fair value of the broker warrants were estimated using a Black-Scholes option pricing model assuming a strike price of CAD \$0.53 per share, a volatility rate of 63.6%, a risk-free rate of 2.13%, and an expected life of 2 years. For the six months ended June 30, 2022, the Company recorded a loss on settlement of short term loans of \$85.

During the six months ended June 30, 2022, the Company issued a total of 181,667 common shares (six months ended June 30, 2021 – 181,667) with a fair value of \$90 (six months ended June 30, 2021 - \$385), in fulfilment of the option agreement on the Hercules Property (Note 5).

During the six months ended June 30, 2021, the Company issued a total of 18,160,021 common shares with a fair value of \$39,431 on the acquisition of Eclipse (Note 3). In addition, as part of the Eclipse acquisition, the Company cancelled 3,251,840 common shares of Elevation Gold Mining Corporation that were owed by Eclipse at the time of completion of the acquisition with a fair value of \$7,144, of which \$5,392 was credited against share capital and \$1,752 was charged directly to accumulated deficit on closing.

During the six months ended June 30, 2021, the Company issued a total of 316,625 common shares on exercise of stock options, 27,500 on exercise of warrants, and 24,222 from the vesting of RSUs, generating net proceeds of \$396 and a reclassification of \$316 from share option reserve to share capital. In addition, during the same period, the Company issued a total of 44,952 common shares with a fair value of \$100 in consideration for interest payable on the convertible debenture (Note 7) and 60,850 common shares with a fair value of \$150 for a mining contract settlement.

#### Equity Incentive Plan

At the Company’s Annual and Special Meeting on August 18, 2022, the shareholders of the Company elected to adopt a new 10% rolling security based compensation plan (“Equity Incentive Plan”) to replace the previous Option Plan and Share Unit Plan, which allows for the issuance of incentive stock options, deferred share units, performance share units, restricted share units, stock appreciation rights, and share purchase rights (“Awards”). Pursuant to the Equity Incentive Plan, a maximum of 10% of the issued shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of all Awards granted thereunder. Terms of any granting of Awards will be determined by the Board, subject to the provisions of the Equity Incentive Plan and the policies of the TSX Venture Exchange. No individual may be granted Awards exceeding 5% of the Company’s common shares outstanding in any twelve-month period.

#### Stock Options

Continuity of the Company’s stock options issued and outstanding was as follows, for each period noted:

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13. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – continued

Stock Options - continued

	Six months June 30, 2022		Year Ended December 31, 2021	
	Number of options	Weighted average exercise price (CAD\$)	Number of options	Weighted average exercise price (CAD\$)
Outstanding, beginning of period	3,848,028	\$ 1.57	2,233,305	\$ 1.74
Granted	4,025,000	0.30	2,531,344	1.61
Exercised	-	-	(366,625)	1.51
Forfeited	(354,165)	1.48	(299,996)	2.74
Expired	-	-	(250,000)	2.76
<b>Outstanding, end of period</b>	<b>7,518,863</b>	<b>\$ 0.90</b>	<b>3,848,028</b>	<b>\$ 1.57</b>

As at June 30, 2022, the following stock options were outstanding and exercisable:

Exercise price (CAD\$)	Number of options outstanding	Expiry date	Number of options exercisable	Remaining contractual life (years)
4.08	74,998	September 29, 2022	74,998	0.25
1.44	1,058,331	February 27, 2024	1,058,331	1.66
1.44	33,333	May 21, 2024	33,333	1.89
1.50	41,665	February 10, 2025	41,665	2.62
2.10	87,500	July 8, 2025	65,625	3.02
1.98	518,876	February 18, 2023	518,876	0.64
1.92	879,160	June 29, 2026	586,098	4.00
0.86	300,000	November 29, 2026	-	4.42
0.86	500,000	December 13, 2026	-	4.46
0.30	4,025,000	May 30, 2027	-	4.92
	<b>7,518,863</b>		<b>2,378,926</b>	<b>3.91</b>

At December 31, 2021, the weighted-average remaining contractual life of options outstanding was 3.25 years and the weighted average trading price for options exercised for the year ended December 31, 2021 was CAD \$2.25.

Warrants

Continuity of warrants issued and outstanding were as follows:

	June 30, 2022		December 31, 2021	
	Number of common shares exercisable from warrants	Weighted average exercise price (C\$)	Number of common shares exercisable from warrants	Weighted average exercise price (C\$)
Outstanding, beginning of period	11,409,190	\$ 4.80	8,106,241	\$ 5.10
Issued	51,827,524	0.69	4,365,190	4.59
Exercised	-	-	(4,583)	2.40
Expired	(2,326,667)	6.24	(1,057,658)	5.71
<b>Outstanding, end of period</b>	<b>60,910,047</b>	<b>\$ 1.25</b>	<b>11,409,190</b>	<b>\$ 4.80</b>

### 13. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – continued

#### Warrants - continued

As at June 30, 2021, the Company had outstanding share purchase warrants as follows:

Number of common shares exercisable from warrants	Exercise price (C\$) per common share	Expiry date
446,042	6.24	July 13, 2022
1,987,436	6.24	July 19, 2022
39,833	6.24	September 14, 2022
3,759,916	4.80	January 14, 2023
440,417	3.00	January 14, 2023
1,852,083	2.40	February 20, 2023
556,796	2.40	February 27, 2023
2,481,537	0.53	March 24, 2024
49,345,987	0.70	March 24, 2027
<b>60,910,047 \$</b>	<b>1.25</b>	

The weighted average remaining life of the outstanding warrants as at June 30, 2022 was 3.97 years (December 31, 2021: 0.8 years).

#### Restricted Share Units (“RSU”)

Currently, the Company has granted RSUs. Equity-settled RSUs are recognized over the vesting period from the date of grant. Cash-settled RSUs are marked to market and recognised as a liability. Continuity of the Company’s RSUs issued and outstanding is as follows:

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Outstanding, beginning of period	48,443	249,999
Issued	-	72,665
Exercised for stock	-	(24,222)
Exercised for cash	(15,138)	(166,666)
Forfeited	-	(83,333)
Outstanding, end of period	33,305	48,443

As at June 30, 2022, the Company had a total of 33,305 RSUs outstanding and exercisable with an expiry date of February 18, 2023.

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13. SHARE CAPITAL, SHARE OPTION RESERVE AND WARRANT RESERVE – continued

Share-Based Compensation Expense

The fair value of share-based compensation is recognized over the vesting period from the date of grant. Share-based payment expenses relating to equity-settled awards recognized in the consolidated statements of income (loss) and comprehensive income (loss) for the three months ended June 30, 2022 totalled \$213 (2021: \$73) and \$398 for the six months ended June 30, 2022 (2021: \$272). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following assumptions:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Risk-free interest rate	2.66%	0.19–0.97%
Expected life of options	5.0 years	2.0–5.0 years
Dividend rate	Nil	Nil
Expected forfeiture rate	0%	0%
Expected volatility	67%	68–70%

14. EARNINGS (LOSS) PER SHARE

The calculation of diluted earnings (loss) per share was based on earnings (loss) attributable to ordinary shareholders and the weighted average number of shares outstanding after adjustments for the effect of potential dilutive shares. Potentially dilutive shares associated with share options and warrants out of the money were not included in the diluted earnings per share calculation as their effect was anti-dilutive. The following table summarizes the calculation of basic and diluted earnings per share:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Income (loss) for the period	\$ (33,804)	\$ 741	\$ (35,511)	\$ (834)
Basic weighted average number of common shares outstanding	110,391,281	60,612,761	87,700,782	56,910,026
Effective impact of dilutive securities:				
Warrants	-	2,408,879	-	-
Share options	-	771,670	-	-
<b>Diluted weighted average number of shares outstanding</b>	<b>110,391,281</b>	<b>63,793,310</b>	<b>87,700,782</b>	<b>56,910,026</b>
<b>Earnings (loss) per share</b>				
Basic	\$ (0.31)	\$ 0.01	\$ (0.40)	\$ (0.01)
Diluted	\$ (0.31)	\$ 0.01	\$ (0.40)	\$ (0.01)

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**15. REVENUE**

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Gold sales	\$ 13,045	\$ 14,428	\$ 25,293	\$ 29,050
Silver sales	1,358	2,219	2,646	4,092
Other sales	63	-	110	-
	<b>14,466</b>	16,647	<b>28,049</b>	33,142
Treatment and refining charges	<b>(80)</b>	(57)	<b>(129)</b>	(151)
	<b>\$ 14,386</b>	\$ 16,590	<b>\$ 27,920</b>	\$ 32,991

**16. PRODUCTION COSTS**

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Contractors and outside services	\$ 7,407	\$ 5,334	\$ 14,858	\$ 12,515
Employee compensation and benefits expense	2,190	2,143	4,443	4,289
Materials and consumables	2,931	1,638	5,535	3,727
Other expenses	1,203	1,119	2,610	2,407
Share-based compensation (recovery)	60	(67)	107	(119)
Changes in inventories	3,792	543	1,429	(1,906)
	<b>\$ 17,583</b>	\$ 10,710	<b>\$ 28,982</b>	\$ 20,913

Included in production costs for the three months ended June 30, 2022 is a write-down of \$5,342 related to adjustments to heap leach estimates of recoverable gold and silver ounces and net realizable value write-downs as disclosed in Note 4.

**17. CORPORATE ADMINISTRATIVE EXPENSES**

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Direct general and administrative	\$ 375	\$ 908	\$ 577	\$ 1,399
Employee general and administrative	437	270	830	1,167
Share-based compensation	153	58	291	241
Depreciation	36	2	54	4
	<b>\$ 1,001</b>	\$ 1,238	<b>\$ 1,752</b>	\$ 2,811

**Notes to the Condensed Interim Consolidated Financial Statements**

For the Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

**18. FINANCE COSTS**

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Interest on debt	\$ (240)	\$ (155)	\$ (319)	\$ (332)
Loss on settlement of short term loans (Note 7)	-	-	(85)	-
Accretion on silver stream (Note 10)	(646)	(726)	(1,313)	(1,471)
Other interest accretion	(141)	(102)	(267)	(191)
<b>Interest expense, including accretion and issue costs</b>	<b>(1,027)</b>	(983)	<b>(1,984)</b>	(1,994)
Settlement (loss) gain on silver stream (Note 10)	49	(634)	160	(892)
Finance costs – silver stream	(741)	(2)	(1,260)	(301)
Finance costs – gold sales	(27)	-	(41)	-
Finance costs – gold stream	(132)	-	(292)	-
Interest income	-	1	-	3
<b>Total finance costs</b>	<b>\$ (1,878)</b>	\$ (1,618)	<b>\$ (3,417)</b>	\$ (3,184)

**19. GAIN (LOSS) ON REVALUATION OF DERIVATIVE LIABILITIES**

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Warrants (Note 12)	\$ 5,376	\$ 860	\$ 5,822	\$ 2,150
Silver stream embedded derivative (Note 12)	3,794	(291)	3,826	(3,793)
Convertible debenture (Note 12)	83	236	375	809
	<b>\$ 9,253</b>	\$ 805	<b>\$ 10,023</b>	\$ (834)

**20. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash working capital items included in mineral properties, plant and equipment and other non-cash investing and financing activities were as follows:

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Value of shares issued on acquisition of Eclipse (Note 13)	\$ -	\$ -	\$ -	\$ 39,431
Value of shares issued on property option (Note 13)	-	-	90	385
Value of shares issued for debt or interest	-	-	-	250
Accounts payable and accrued liabilities	\$ 983	\$ (623)	\$ 1,840	\$ (78)



**Notes to the Condensed Interim Consolidated Financial Statements**

For the Three and Six Months Ended June 30, 2022 and 2021

(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

**21. RELATED PARTY TRANSACTIONS**

Related party transactions were incurred in the normal course of business and initially measured at their fair value which is the amount of consideration established and agreed to by the parties. Amounts due to or from related parties are non-interest bearing, unsecured and due on demand.

**Key Management and Board of Directors Compensation**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, either directly or indirectly. The Company has identified its members of the Board of Directors and executive officers including its President, Chief Operating Officer, Chief Financial Officer, and Chief Executive Officer of the Company. The remuneration of the Company's key management personnel is as follows:

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Salaries and short-term benefits	\$ 211	\$ 312	\$ 421	\$ 1,372
Share-based payments	\$ 63	\$ 41	\$ 132	\$ 157

Included in salaries and short-term benefits for the six months ended June 30, 2021 was \$677 of termination payments made to the former Chief Executive Officer of the Company.

**Related Party Balances and Activity**

There were no related party balances outstanding as at June 30, 2022. As at December 31, 2021, the Company had a total short term loan outstanding with a director of the Company of \$394 (CAD \$500) (Note 7). As disclosed in Note 7, the short-term loan was settled concurrently with the closing of the Company's private placement finalized in March 2022.

Related party transactions (not otherwise referred to in this note) are as follows for each of the periods presented:

	<b>Three Months Ended June 30, 2022</b>	Three Months Ended June 30, 2021	<b>Six Months Ended June 30, 2022</b>	Six Months Ended June 30, 2021
Consulting fees	\$ -	\$ -	\$ -	\$ 17
Shared office recovery	\$ -	\$ 16	\$ -	\$ 28

Consulting fees charged by companies controlled by two former directors of the Company are included in employee compensation and benefits expenses. Shared office expenses recovered from a company with former directors in common are recorded in corporate administrative expenses. Effective May 21, 2021, concurrent with the two former directors not standing for re-election to the Company's annual general meeting, the related party transactions ceased.

**Other Related Party Transactions**

The Company's silver stream agreement (Note 10) and gold prepayment facility (Note 8) are held by Maverix Metals Inc., a company with a director in common with Elevation Gold Mining Corporation.

## **22. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT**

The carrying values of cash, trade and other receivables, and trade and other payables approximate their fair values due to the short-term nature of these instruments. In evaluating fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and different valuation techniques may have a material effect on the estimated fair value amounts. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange. The carrying value amount of the Company's financial instruments that are measured at amortized cost (including debt, lease obligation, and silver stream obligation) approximates fair value as they are measured using level 2 assumptions and using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Similarly, the carrying value of the Company's derivative instruments, which are recognized at fair value through profit or loss approximates the fair value based on the various valuation techniques associated with those instruments.

### **Financial Risk Management**

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the consolidated financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has implemented and monitors compliance with risk management policies.

### **Credit Risk**

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations. The Company has credit risk in respect of its cash, trade and other receivables, and restricted cash. The Company considers the risk of loss relating to cash and restricted cash to be low because these instruments are held only with a Canadian Schedule I financial institution, a US-chartered commercial bank and a US government agency. Trade and other receivables at June 30, 2022 related primarily to goods and services tax and waste rock sold but for which the funds were not collected prior to the period end. Both amounts in trade and other receivables are expected to be collectible in full due to the nature of the counterparties and previous history of collectability.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Refer to Note 1 for the Company's statement on going concern.

The Company manages its liquidity risk through the preparation of budgets and forecasts, which are regularly monitored and updated as management considers necessary and through the Company's capital management activities. A summary of contractual maturities of financial liabilities is included in Note 23.

## **22. FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT – continued**

### **Market Risk**

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits while maximizing returns.

#### Currency risk

Foreign currency exchange rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in foreign exchange rates. Some of the Company's operating and corporate administration expenditures are incurred in Canadian dollars and the fluctuation of the CAD \$ in relation to US dollar will have an impact on the Company's profitability and the Company's financial assets and liabilities. The Company has assessed the impact to be low. At June 30, 2022, the Company held cash denominated in US dollars of \$1,564 and CAD \$2,683 (December 31, 2021: USD \$800 and CAD \$211). With other variables unchanged, a 1% increase on the USD/CAD exchange rate would increase debt by \$36. The Company has not entered into any formal arrangements to hedge currency risk but does maintain cash balances within each currency.

#### Commodity price risk

The Company is subject to commodity price risk from fluctuations in the market prices for gold and silver. Commodity price risks are affected by many factors that are outside the Company's control including global or regional consumption patterns, the supply of and demand for metals, speculative activities, the availability and costs of metal substitutes, inflation and political and economic conditions. The value of the silver stream embedded derivative will fluctuate with changes in the price of silver which will affect future earnings. Management closely monitors trends in commodity prices of gold and other precious and base metals as part of its routine activities, as these trends could significantly impact future cash flows.

#### Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash, which is held at variable market rates, and is exposed to interest rate risk on its outstanding borrowings. With other variables unchanged, a 1% increase on the Company's floating rate debt would increase annual interest expense by \$25. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

**Notes to the Condensed Interim Consolidated Financial Statements**

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(Unaudited - All dollar amounts are expressed in thousands of United States Dollars, except per share amounts, unless otherwise noted)

**23. COMMITMENTS**

At June 30, 2022, the Company had the following contractual obligations outstanding:

	<b>Within 1</b>	<b>2-3</b>	<b>4-5 years</b>	<b>5+</b>	<b>Total</b>
	<b>year</b>	<b>years</b>		<b>years</b>	
Debt <sup>(1)</sup>	\$ 418	\$ 4,670	\$ 481	\$ 1,935	\$ 7,504
Trade and other payables	10,458	-	-	-	10,458
Lease commitments <sup>(2)</sup>	273	364	-	-	637
Silver stream	2,069	3,418	1,656	-	7,143
Gold stream deferred revenue	4,000	-	-	-	4,000
Provision for reclamation <sup>(3)</sup>	-	-	-	7,196	7,196
	<b>\$ 17,218</b>	<b>\$ 8,452</b>	<b>\$ 2,137</b>	<b>\$ 9,131</b>	<b>\$ 36,938</b>

<sup>(1)</sup> Includes interest due on convertible debenture and debt.

<sup>(2)</sup> Includes lease obligation (Note 9) and lease commitments.

<sup>(3)</sup> Represents the undiscounted value of the reclamation provision.

**24. SEGMENTED INFORMATION**

The Company has one reportable operating segment, being the acquisition, exploration, development and production of precious metals. The consolidated statements of income (loss) and comprehensive income (loss) are composed substantially of activity in the United States of America ("USA") except for corporate administrative expenses, which occurs in Canada. Reporting by geographical area follows the same accounting policies as those used to prepare the consolidated financial statements. All material non-current assets are located in the USA.

**25. SUBSEQUENT EVENTS**

- In July 2022, 2,433,478 warrants with an exercise price of CAD \$6.24 per common share expired.
- The Company entered into a \$6,000 revolving credit facility (the "Credit Facility"). Under the terms of the Credit Facility, interest accrues on any unpaid principal at an interest rate of 12% per annum compounded on a monthly basis, with all accrued interest and principal payable on or before December 31, 2023. On closing, the Company was advanced a principal amount of \$3,000. Additional advances following the Initial Advance will be made available to the Company at the discretion of the lender. The lender is affiliated with an entity with a director in common with Elevation Gold. The Company may, at its option, at any time and from time to time, prepay without penalty or premium the Credit Facility, in whole or in part.