



***MANAGEMENT DISCUSSION & ANALYSIS***

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

## Table of Contents

MANAGEMENT DISCUSSION & ANALYSIS .....	1
COMPANY OVERVIEW .....	1
CONSOLIDATED RESULTS SUMMARY .....	2
RECENT CORPORATE DEVELOPMENTS .....	2
OUTLOOK.....	3
EXTERNAL PERFORMANCE DRIVER AND TRENDS.....	4
REVIEW OF MINING AND PROCESSING OPERATIONS.....	4
FINANCIAL RESULTS.....	6
EXPLORATION .....	8
LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN .....	10
SUBSEQUENT EVENTS.....	12
SUMMARY OF QUARTERLY RESULTS .....	13
CONTRACTUAL OBLIGATIONS .....	14
OFF-BALANCE SHEET ARRANGEMENTS.....	14
RELATED PARTY TRANSACTIONS.....	14
PROPOSED TRANSACTIONS.....	15
ADOPTION OF NEW ACCOUNTING STANDARDS .....	15
FUTURE ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT.....	15
OUTSTANDING SHARE DATA .....	15
FAIR VALUE MEASUREMENTS AND FINANCIAL RISK MANAGEMENT.....	16
NON-IFRS PERFORMANCE MEASURES .....	17
RISKS AND UNCERTAINTIES.....	19
INTERNAL CONTROLS OVER FINANCIAL REPORTING .....	19
CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION.....	19
NOTE TO U.S. INVESTORS .....	20
TECHNICAL INFORMATION.....	20

---

## MANAGEMENT DISCUSSION & ANALYSIS

This Management Discussion and Analysis (“MD&A”) of Elevation Gold Mining Corporation (the “Company” or “Elevation”), has been prepared by management and approved by the Board of Directors as of August 29, 2022 and contains information that management believes is relevant to an assessment and understanding of the Company’s financial position and the results of its operations and cash flows for the three and six months ended June 30, 2022 (“Q2 2022”) and 2021 (“Q2 2021”). This MD&A should be read in conjunction with the unaudited interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021, which are prepared in condensed format in accordance with International Financial Reporting Standards (“IFRS”) as applicable to the preparation of the interim financial statements, including International Accounting Standard (“IAS”) 34, *Interim Reporting*. The unaudited interim consolidated financial statements should also be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2021, the six months transitional year ended December 31, 2020, and the year ended June 30, 2020.

Additional information, including this MD&A, the unaudited interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021, the audited consolidated financial statements for the year ended December 31, 2021, the six months transitional year ended December 31, 2020, and the year ended June 30, 2020, press releases, and other corporate filings are available on the SEDAR website, [www.sedar.com](http://www.sedar.com), and the Company’s website, [www.elevationgold.com](http://www.elevationgold.com).

This MD&A contains certain non-IFRS measures. The Company believes these measures, in addition to information prepared in accordance with IFRS, provide investors with useful information to assist in their evaluation of the Company’s performance and ability to generate cash flow from its operations. While these measures are intended to provide additional information, they should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS, as they do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers. References in this MD&A to total cash costs, all-in sustaining costs (“AISC”), average realized gold price, and per ounce equivalents are all considered non-IFRS measures and for further details on these metrics, refer to the section *Non-IFRS Measures*.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors outlined in the *Risk Factors* and *Forward-Looking Statements* sections. This MD&A provides management’s analysis of historical financial and operating results and provides estimates of the Company’s future financial and operating performance based on information currently available. Actual results will vary from estimates and variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

All dollar amounts in this MD&A are expressed in U.S. dollars (“\$”) unless otherwise noted. References to “CAD \$” are to the Canadian dollar.

## COMPANY OVERVIEW

Elevation is a publicly listed gold and silver producer, engaged in the operation, acquisition, exploration and development of mineral properties located in the United States. The Company is incorporated under the laws of British Columbia, Canada and maintains its corporate head office at Suite 1920 – 1188 West Georgia Street, Vancouver, British Columbia, Canada. Elevation’s common shares are listed on the TSX 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 100% owned Moss Mine in Mohave County, Arizona. Elevation also holds the title to the Hercules exploration property, located in Lyon County, Nevada, which is a prospective gold exploration project. The Company’s management and technical team are proven professionals with extensive experience in all of the aspects of mineral exploration, mine development, operations and capital markets. Key strategic priorities for the Company are to generate positive cashflow from operations, grow the Moss Mine and Hercules reserves and to acquire assets assertively leading to the long-term growth of the Company and shareholder value creation.

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. At the same time, the Company also completed a consolidation of the issued and outstanding common shares based on one post-consolidation common share for every six pre-consolidation common shares. The common shares of the Company commenced trading on the TSX Venture Exchange on a post-consolidation basis on September 24, 2021. The exercise or conversion price and the number of shares issuable under the Company's outstanding stock options and convertible instruments were proportionately adjusted upon completion of the share consolidation. All information relating to earnings/loss per share, issued and outstanding common shares, share options and warrants, and per share amounts in this MD&A have been adjusted retrospectively to reflect the share consolidation.

## CONSOLIDATED RESULTS SUMMARY

The following are financial and operational highlights for Q2 2022. Additional information and comparisons to prior periods is provided throughout this MD&A.

- Elevation produced 6,809 ounces of gold and 28,115 ounces of silver during Q2 2022 from 768,997 ore tonnes processed with average grades of 0.42 g/t gold and 2.86 g/t silver.
- The Company generated total revenue of \$14.4 million on 6,998 ounces of gold and 60,903 ounces of silver sold. The average realized price of gold per ounce sold <sup>(1)</sup> was \$1,864.
- Gold production is expected to increase in the second half of 2022 as the Company began mining higher-grade ore sourced from the East Pit at the end of June 2022.
- Q2 2022 operating loss of \$7.3 million and net loss of \$33.8 million, or \$0.31 per share, largely driven by a non-cash impairment of mineral properties of \$33.9 million (discussed further in the *Financial Results* section in this MD&A).
- Total Cash Costs per ounce of gold sold <sup>(1)</sup> of \$1,661 and all-in sustaining costs ("AISC") per ounce of gold sold <sup>(1)</sup> of \$2,599. The Company expects to improve on its per ounce metrics in the second half of 2022, with the addition of higher-grade ore sourced from East Pit, and the reduction of capital expenditure requirements as the majority of the Company's major capital projects were completed in Q2 2022 and early Q3 2022.
- Completed a multi-phase infill and resource expansion drilling program at the Moss Mine, which included 17,197 meters of reverse circulation drilling up to the end of May 2022. In July 2022, the Company began its maiden exploration program at Florence Hill (see *Exploration* section in this MD&A for further details).

---

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the *Non-IFRS Measures* section in this MD&A.

## RECENT CORPORATE DEVELOPMENTS

### Completion of Private Placement and Debt Settlement

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 \$18.3 million. 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 \$1.2 million 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 received a total of 284,310 units and 2,313,750 broker warrants. 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 Company intends to use the net proceeds to further advance its Moss Mine project and for general working capital purposes.

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. The fair value of the Debt Settlement Units

totalled \$2.4 million, which was applied to outstanding principal and interest on the short-term loans. The terms and conditions of these units are identical to the terms above. As consideration for services performed in connection with the debt settlement, the broker received a total of 167,787 units and 167,787 broker warrants. 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.

#### Acquisition of Eclipse Gold Mining Corporation (“Eclipse”)

On February 12, 2021, the Company acquired Eclipse in exchange for 18,160,021 common shares of the Company with a fair value of \$39.4 million. As Eclipse was an exploration stage mining company, the acquisition was accounted for as an asset acquisition. Details of the accounting for the transaction, the total consideration paid in the acquisition of Eclipse, and the allocation to assets and liabilities acquired is included in Note 5 of the consolidated financial statements for the year ended December 31, 2021 and Note 3 of the condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021.

Eclipse is party to an option agreement, whereby it can obtain a 100% interest in the Hercules Project. The Hercules Project, part of the Como mining district, is located approximately 40 kilometers southeast of the city of Reno, in Lyon County, Nevada. A total of 1,323 unpatented and four patented lode mining claims comprise the property, covering approximately 10,000 hectares. Mineralization at the Hercules Project displays the characteristics of a low-sulphidation epithermal gold-silver system; these types of deposits are found throughout the Walker Lane Belt.

#### Impact and Risks Associated with the Global Coronavirus Pandemic (“COVID-19”) and Russian – Ukraine Conflict

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 effectively minimized through a combination of controls and strict safety protocols.

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, and routine sanitation and deep cleaning of the workplace spaces. The Company continues to monitor lead times on critical spare parts and supplies and consumables and will consider bulk inventory purchases in the future if appropriate.

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.

During the six months ended June 30, 2022, continuing risks associated with global inflation and supply chain delivery were further heightened by the Russian – Ukraine conflict. Inflationary increases on energy, fuel, and consumables have impacted operating costs and are expected to for the remainder of the year. The Company continues to implement procurement strategies to mitigate the impact and to continue to monitor these risks.

#### OUTLOOK

Following the completion of the Company’s equity financing in late March 2022 (see *Recent Corporate Developments* section above for details), the Company completed a number of key capital projects during Q2 2022, some of which will extend into Q3 2022, including the completion of the construction of the new heap leach pad 2C in July 2022. The Company also completed five new monitoring wells in Q2 2022 and expects to bring on-line two production water wells during Q3 2022. The monitoring wells were a requirement of our Aquifer Protection Permit, while the production water well project will secure water for operations, as well as allow current operating water wells to be removed as part of the mine expansion at the Moss Mine.

The Company's operations continue to focus on overall efficiencies including drilling and blasting improvements that lead to increases in ore processing rates. For Q1 2022, the mine averaged 7,977 stacked ore tonnes per day, an increase of 5.6% from the year ended December 31, 2021. This rate increased further for Q2 2022 to an average of 8,451 stacked ore tonnes per day as the Company continues to improve quality control for mine drilling and blasting and maintains meticulous oversight on scheduled crusher maintenance. Mining operations also continue to progress, with higher-grade ore mined from the East Pit by the end of Q2 2022. The Company expects the higher-grade ore mined from East Pit for the remainder of the year will be blended with West Pit ore, which is lower-grade but more abundant. The overall blended ore crushed and placed on the pad is expected to significantly increase gold ounces produced for the second half of 2022.

With its multi-phase infill and resource expansion drilling program at the Moss Mine completed in May 2022, the Company began its maiden exploration program at Florence Hill and surrounding areas discussed further below in the *Exploration* section in this MD&A.

### EXTERNAL PERFORMANCE DRIVER AND TRENDS

The price of gold is a significant factor in determining the Company's profitability, financial performance, and cash flow from operations. The price of gold is subject to volatile price fluctuations and can be affected by numerous economic conditions including supply and demand, interest rates, and global and political issues, such as the ongoing COVID-19 pandemic and, most recently, the Ukraine-Russia conflict. Management considers the gold price outlook for the remainder of 2022 and longer-term to be favourable and is currently an unhedged seller of gold. As of June 30, 2022, the price of gold closed at \$1,817 per ounce. The average spot gold price for Q2 2022 was \$1,873 (the average for the year ended December 31, 2021: \$1,799). Overall, despite continued volatility in the overall price, gold continues to trade at a historically high value.

### REVIEW OF MINING AND PROCESSING OPERATIONS

The Company operates an open pit mine and extracts precious metals with a heap leach and Merrill Crowe circuit to produce gold and silver doré. The table below presents operational highlights for the periods presented.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2022	2021	2022	2021
<b>Mining</b>					
Ore mined	t	726,226	682,970	1,461,443	1,388,624
Waste mined	t	1,669,794	1,089,491	3,118,313	2,605,944
Total mined	t	2,396,020	1,772,461	4,579,756	3,994,568
Strip ratio	waste/ore	2.30	1.60	2.13	1.88
<b>Crushing</b>					
Tonnes stacked	t	768,997	640,358	1,486,895	1,333,045
Tonnes stacked per day (average)	tpd	8,451	7,036	8,215	7,365
Contained gold ounces stacked	oz	10,456	9,700	18,506	20,404
Contained silver ounces stacked	oz	70,589	138,056	140,223	291,331
Gold grade	g/t	0.42	0.47	0.39	0.48
Silver grade	g/t	2.86	6.71	2.93	6.80
<b>Processing</b>					
Merrill Crowe recovery – gold	%	96	99	97	99
Gold ounces produced	oz	6,809	7,054	13,077	15,842
Silver ounces produced	oz	28,115	57,649	59,144	142,032
<b>Sales</b>					
Gold ounces sold	oz	6,998	8,045	13,510	16,166
Silver ounces sold <sup>(1)</sup>	oz	60,903	83,634	113,873	155,565

<sup>(1)</sup> Includes silver ounces purchased and sold to the final customer in accordance with the silver streaming agreement.

## Mining

During Q2 2022, a total of 726,226 tonnes of ore was mined at a strip ratio of 2.30. The higher strip ratio coincided with increased mining operations at East Pit. Average grade mined increased by 8.6% in Q2 2022 to 0.38 g/t gold from 0.35 grams per tonne (“g/t”) gold in Q1 2022. The increase in grade (when compared to Q1 2022) is a result of the gradual increase in ore from East Pit, culminating in a high of 19% of the total ore delivered to the run of mine pad during the month of June 2022. With the layback of the East Pit ramp completed in May 2022, mining of a full production bench commenced in June 2022. Mined head grade is expected to continue to increase as more ounces are mined from East Pit during the remainder of 2022. Overall, actual production continues to reconcile to our modelled resource and fragmentation continues to be acceptable and improved over the course of Q2 2022.

During Q2 2021, a total of 682,970 tonnes of ore was mined at a strip ratio of 1.60. Mining operations were restricted due to the termination of stacking operations on heap leach pad 2B. With the temporary idling of stacking operations during the transition from the current leach pads to the 3A heap leach pad, mining activities were slowed, resulting in fewer tonnes moved, and lower gold ounce delivery from the pits. Mined head grades were slightly higher in Q2 2021 when compared to Q2 2022, as operations were shifting from the higher-grade Center Pit to lower-grade West Pit ore in the prior period. During Q2 2021, mining in the East Pit encountered zones of high-grade material, which were stockpiled to be used on the first lift of the new 3A heap leach pad later in 2021.

## Crushing and Stacking

During Q2 2022, the average daily crushing rate was 8,451 tonnes per day, resulting in a total of 768,997 crushed tonnes at an average gold grade of 0.42 g/t and an average silver grade of 2.86 g/t. Stacked gold totaled 10,456 ounces for the quarter. This compares favorably to the comparable quarter in 2021, which stacked a total of 9,700 ounces on 640,358 tonnes of crushed ore, a testament to the Company’s commitment to proper blasting techniques, maintaining good fragmentation and preventative maintenance over the entire crushing process. Crusher utilization rates remained consistent during Q2 2022 at approximately 80% for the period. The Company was able to elevate the average processed grade to 0.42 g/t in Q2 2022 from 0.35 g/t in Q1 2022, a 20% increase, as a result of mining higher grade material from East Pit. The Company continues to see improvements in daily crushing rates with the month of July 2022 moving an average of 8,826 tonnes per day.

During Q2 2021, the average daily crushing rate was 7,036 tonnes resulting in a total of 640,358 crushed at an average gold grade of 0.47 g/t and an average silver grade of 6.71 g/t. The crusher was somewhat restricted during the quarter due to heap leach space limitations and idling of stacking operations, and partially due to crusher capacity being used to crush material for drain covers for the new heap leach pad.

## Processing

During Q2 2022, a total of 6,809 gold ounces (Q2 2021 – 7,054 gold ounces) and 28,115 silver ounces (Q2 2021 – 57,649 silver ounces) were produced. The Merrill Crowe recovery process remained highly efficient for both periods presented, averaging 96% in Q2 2022 compared to 99% in Q2 2021. The decrease in Q2 2022 was the result of a lack of lead nitrate for a 14-day period that affected processing in April 2022. In addition, a program of reverse stacking commenced in March 2022 and completed in April 2022, resulted in some ore being placed under irrigation at the end of April 2022 resulting in some delay in the processing of ounces earlier in the quarter. The Company expects to see the benefit of increasing crushing rates, resulting in more ounces placed on the pad and under leach in the coming months over the Company’s normal leaching cycle.

## FINANCIAL RESULTS

The net income (loss) for the three and six months ended June 30, 2022 and 2021 is comprised of the following items:

<i>(in thousands of dollars)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	\$ 14,386	\$ 16,590	\$ 27,920	\$ 32,991
Production costs	(17,583)	(10,710)	(28,982)	(20,913)
Royalties	(726)	(852)	(1,344)	(1,753)
Mine operating (loss) income before depreciation and depletion	(3,923)	5,028	(2,406)	10,325
Depreciation and depletion	(2,402)	(2,286)	(4,009)	(4,463)
(Loss) earnings from mine operations	(6,325)	2,742	(6,415)	5,862
Corporate administrative expenses	(1,001)	(1,238)	(1,752)	(2,811)
Finance costs	(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	(33,850)	-	(33,850)	-
Other	(3)	50	(100)	133
Income (loss) for the period	\$ (33,804)	\$ 741	\$ (35,511)	\$ (834)

Elevation continues to benefit from historically high gold prices. Average realized gold per ounce sold for Q2 2022 was \$1,864, compared to \$1,793 for Q2 2021. During Q2 2022, the Company sold a total of 6,998 gold ounces and 60,903 silver ounces for total revenue of \$14.4 million. For Q2 2021, the Company sold 8,045 ounces of gold and 83,634 ounces of silver for total revenue of \$16.6 million. Average realized gold per ounce sold for the six months ended June 30, 2022 was \$1,872, compared to \$1,797 for the six months ended June 30, 2021. During 2022, the Company sold a total of 13,510 gold ounces and 113,873 silver ounces for total revenue of \$27.9 million. For the comparative period in 2021, the Company sold 16,166 ounces of gold and 155,565 ounces of silver for total revenue of \$33.0 million.

Operating loss from mine operations excluding depreciation and depletion was \$3.9 million for Q2 2022 compared to operating income of \$5.0 million for Q2 2021. The reduction in operating income compared to the prior quarter was driven partially by reduction in grade, which was mined out of the West Pit resulting in less ounces produced and \$2.2 million less in revenue. Production costs are comprised of mining, processing, maintenance, site administration and site share-based compensation, net of inventory changes and include write-downs of inventories due to net realizable value impairments. Total production costs increased period over period by \$6.9 million. The Company incurred \$2.1 million in additional contractor and outside services costs in Q2 2022 compared to Q1 2022 as total mined tonnes increased by 35% over the same period. The Company also spent an additional \$1.3 million in costs related to increased materials and consumable costs (including increased use in diesel, water purchases, cyanide and other agents used in production). As the Company's new water production wells come online in Q3 2022, the Company expects to reduce outside water purchases for its operations going forward, in addition, costs for diesel and fuel reached its highest per unit pricing in Q2 2022 and subsequent to June 30, 2022, these costs have come down. However, some costs for reagents have not retreated, including cyanide, lime, and other reagents and the Company expects these costs to continue to be at historically high per unit rates. Elevation continues to review usage of all its consumables in an effort to maintain optimal usage rates and reduce expenditures.

Operating loss from mine operations excluding depreciation and depletion was \$2.4 million for the six months ended June 30, 2022 (six months ended June 30, 2021 – income of \$10.3 million). The reduction compared to the prior period was largely driven by reduction in grade, which was mined out of the West Pit resulting in less overall revenue by \$5.1 million. In addition, total production costs increased period over period by \$8.1 million, with approximately \$2.3 million related to increased mining contractor costs from the mining of 15% more tonnes period over period and \$1.8 million in higher costs and use of consumables for similar reasons discussed immediately above.



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 \$4.0 million 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 doré inventory totalling \$2.6 million. 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 doré inventory of \$6.6 million, of which \$5.8 million was included in production costs and \$0.8 million was included in depletion and depreciation (the three months ended June 30, 2022 includes the write-down of \$6.0 million, of which \$5.3 million was included in production costs and \$0.7 million was included in depletion and depreciation). There were no amounts written down for the three or six months ended June 30, 2021.

Depletable mineral properties and most assets included in plant and equipment are depleted on a units of production basis over the life of the mine. Depletion and depreciation rates for all periods are consistent with units of contained gold ounces stacked on the heap leach pad and reduced depreciation and depletion expense reflects the lower production period over period.

Decreases in royalty expenses for three and six months ended June 30, 2022 (as a percentage of revenue) have occurred as mining operations move away from a certain section of the Center/West Pit, which contains a particular claim with a higher burdened royalty, resulting in the overall royalty rate reducing in the future from 6% to approximately 4.75% and was not mined significantly during 2022.

The decrease in corporate administrative expenses for the six months ended June 30, 2022 is driven by a one-time severance payment of \$0.9 million that occurred in Q1 2021 and a reduction in marketing activities and consulting/legal expenditures relating to group restructuring.

Finance costs during the three and six months ended June 30, 2022 are consistent with 2021.

Gain (loss) on revaluation of derivative liabilities includes the changes to the silver stream embedded derivative, the warrant derivatives, and the convertible debenture derivatives. The silver stream embedded derivative is valued using a Monte Carlo simulation valuation model that uses key inputs including silver forward curve prices, long-term silver production volatility, anticipated silver production, and other metrics. The warrant and convertible debenture derivatives are calculated using a Black-Scholes option model and use key inputs such as share price and volatility. Changes to the valuation of derivatives can be material from period to period. The gain on revaluation for the quarter included \$5.4 million on the warrant derivative, driven by a reduction in the Company's share price, and a \$3.8 million gain on the silver stream derivative, driven by a reduction in the forward silver price.

Other income relates to foreign exchange adjustments and are not considered significant for each period presented.

During the six months ended June 30, 2022, the Company recognized a non-cash impairment of mineral properties of \$33.9 million, of which \$21.5 million was recorded in depletable mineral properties and \$12.3 million in non-depletable mineral properties (2021: \$Nil).

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 \$33.9 million, which resulted in a charge of the same amount to the Company's statement of income and loss.

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.

## EXPLORATION

Exploration work for the six months ended June 30, 2022 was focused at the Moss Mine. During the first six months of the year, the Company completed a total of 68 reverse circulation (“RC”) drill holes totalling 17,197 meters, of which approximately 46% of the meters drilled were in the West Pit or the West Pit extension, 17% were drilled underneath the Center Pit, 10% were in the East Pit extension, and the remaining 27% were related to condemnation drilling beneath the proposed heap leach 3B pad. Infill and near-mine drilling was completed at the Moss Mine in May 2022, but results are pending for some holes and they will be released upon receipt, compilation and analysis.

On May 3, 2022, Elevation announced the results of several drill holes completed in late 2021 and early 2022, which focused on infill and resource expansion drilling targeting the Moss and Ruth Veins and associated hanging wall stockwork beneath and adjacent to the West Pit, as well as condemnation drilling in the proposed heap leach pad 3B area. For a listing of full drill results, notes, and links to drill hole and location maps refer to the Company’s news release available on the Company’s website or on SEDAR. Highlights from the release include the following drill holes:

- Drillhole AR21-562R intersected 344.42 meters of hanging wall stockwork mineralization grading 0.31 g/t gold (“Au”) and 1.12 g/t silver (“Ag”), starting at surface.
- Drillhole AR21-560R intersected 137.16 meters of hanging wall stockwork mineralization grading 0.30 g/t Au and 1.92 g/t Ag starting at surface, including 22.86 meters grading 0.47 g/t Au and 1.35 g/t Ag.
- Drillhole AR21-545R intersected 88.39 meters grading 0.40 g/t Au and 4.29 g/t Ag in the Moss Vein and associated hanging wall stockwork starting at surface, including 27.43 meters grading 0.67 g/t Au and 7.13 g/t Ag.
- Drillhole AR21-570R, a condemnation drillhole drilled in the proposed 3B Leach Pad area intersected 48.77 meters of stockwork and vein hosted mineralization grading 0.36 g/t Au and 0.82 g/t Ag, including 3.05 meters grading 0.71 g/t Au and 0.90 g/t Ag, 10.67 meters grading 0.47 g/t Au and 1.60 g/t Ag, and 4.57 meters grading 0.65 g/t Au and 0.47 g/t Ag. This mineralization is likely associated with the Rattan Vein system mapped to the west of the current West Pit.

Drilling beneath the active West Pit intersected broad intervals of stockwork and vein-hosted epithermal gold-silver mineralization from surface, down to almost 280 meters in depth. The broad zones of silicification and stockwork veining intersected below the current West Pit are reflective of the surface outcrop of the pre-mining surface in this area. Additional similar zones of silicification and stockwork veining crop out in the Midwest and Far West Extension areas of the Moss Property, approximately 750 meters to 1,500 meters, respectively, to the west of the active West Pit, highlighting the potential of finding additional mineralization to the west of the West Pit. Furthermore, recent modelling has suggested that the Moss and Ruth Veins appear to diverge west of the Center Pit, further enhancing the potential for a westward widening of the broad stockwork zones between the two veins to the west of the current mine.

On July 25, 2022, Elevation provided an additional update on the Company’s infill and resource expansion drilling program at the Moss Mine. Results discussed included those from infill drilling below the active West Pit, the Eastern Extension, as well as condemnation drilling in the proposed 3B Leach Pad area. For a listing of full drill results, notes, and links to drill hole and location maps refer to the Company’s news release available on the Company’s website or on SEDAR. Highlights from the release include the following:

- Infill drilling continues to indicate the presence of broad intersections of stockwork and vein-hosted mineralization beneath the active West Pit. Stockwork mineralization was intersected from surface down to almost 160 meters below surface in this tranche of drilling, including:
  - Drillhole AR22-613R intersected 60.96 meters of hanging wall stockwork grading 0.54 g/t gold and 5.13 g/t silver, including 10.67 meters grading 1.00 g/t gold and 6.80 g/t silver, starting from surface, and a further 41.15 meters grading 0.30 g/t gold and 7.70 g/t silver from a depth of approximately 80 meters below surface.
  - Drillhole AR22-606R intersected 138.68 meters of hanging wall stockwork mineralization grading 0.38 g/t gold and 0.93 g/t silver, including 3.05 meters grading 3.35 g/t gold and 1.60 g/t silver, and 4.57 meters grading 0.85 g/t gold and 1.47 g/t silver, starting around seven meters below surface.
- Drilling approximately 100 meters to the east of the current East Pit intersected stockwork and vein-hosted epithermal gold-silver mineralization in the Moss Vein from a depth of about 110 meters below surface. The vein appears to increase in thickness and grade with depth, being blind at surface in this area. Additional drilling is being planned to further explore the Moss Vein to the east of the current East Pit.
  - Drillhole AR22-579R intersected 32.00 meters of stockwork and vein-hosted mineralization grading 0.84 g/t gold and 10.91 g/t silver, including 12.19 meters grading 1.56 g/t gold and 20.70 g/t silver, from a depth of approximately 150 meters below surface.
- Stockwork and vein-hosted epithermal gold and silver mineralization was intersected in nine of the ten condemnation drillholes drilled in the proposed 3B Leach Pad area. Drillhole intersections are mainly of low grade stockwork mineralization ranging from more than a meter to almost 40 meters in downhole thickness. Mineralization that may be related to the north-dipping Mordor Vein was intersected at depths of between approximately 22 meters and 58 meters below surface in drillholes AR22-616R and AR22-617R, approximately 400 meters to the west of the active West Pit.
  - Drillhole AR22-616R intersected 18.29 meters grading 0.50 g/t gold and 2.23 g/t silver from a depth of around 22 meters below surface.
  - Drillhole AR22-617R intersected 25.91 meters grading 0.53 g/t gold and 4.16 g/t silver. Including 4.57 meters grading 1.54 g/t gold and 6.90 g/t silver from a depth of about 58 meters below surface.

In late July 2022, elevation commenced drilling at its Florence Hill exploration target, located approximately 4.5 kilometers southeast of the Moss Mine. The exploration drilling will include approximately 3,800 metres of oriented diamond drilling core drilling and may include drill testing of the nearby fault-hosted Silver Creek Springs and West Oatman epithermal vein exploration targets (results dependent). Drill results will be released upon receipt, compilation, review and analysis.

The Florence Hill target consists of an approximately 1.75 kilometer long by one-kilometer-wide zone of intensely advanced argillic altered lava dome dacite and rhyolite intrusive and volcanoclastic rocks along the margin of the Silver Creek caldera. WNW- and NW-trending structures, including those hosting the West Oatman and Silver Creek Springs exploration targets (within a kilometer to the west), and the Gold Road Mine (approximately 2.5 kilometers to the southeast) appear to intersect the caldera margin structure in the Florence Hill area. These structures are steeply (>80 degrees) southwest dipping in the Florence Hill exploration target area. The intense advanced argillic alteration includes kaolinite and alunite with minor dickite and pyrophyllite and is associated with geophysical magnetic lows and anomalous mercury along the WNW and NW-trending structures. Intense and locally vuggy silica alteration occurs in gently northeast-dipping ignimbrite horizons in the uppermost part of Florence Hill, with localized development of gold-absent incipient quartz stockwork veining. The various geological features noted in the Florence Hill exploration target are interpreted as being indicative of the uppermost parts of a fully preserved large-scale structurally controlled hydrothermal, possibly low- to intermediate sulphidation epithermal system.

## LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As of June 30, 2022, the Company had cash and cash equivalents of \$3.6 million (December 31, 2021: \$1.1 million). The increase in cash compared to the year ended December 31, 2021, was primarily due to the Company completing an equity financing during Q1 2022 which totalled \$17.1 million (net of transaction costs), offset by debt and interest repayments of \$2.7 million, and capital expenditure, including exploration drilling, of \$7.0 million.

During the six months ended June 30, 2022, working capital increased by \$0.2 million to \$7.2 million. The increase in working capital was primarily due to an equity financing, offset by increases to non-cash derivative liabilities and a decrease in inventory valuation. Working capital, excluding derivatives which are non-cash liabilities, is \$12.3 million.

The Company is in compliance with externally imposed debt covenants relating to its debt facilities and lease obligations as of June 30, 2022.

### Going Concern

The Company is subject to many risks common to other companies in the same business, including under-capitalization and resource limitations. The Company may require additional capital to continue the operations of the Moss Mine or to continue as a going concern. There can be no assurance that such capital will be available or, if available, will be on reasonable terms.

As at June 30, 2022, the Company had working capital of \$7.2 million and in the six months ended June 30, 2022, the Company incurred a loss of \$35.5 million, which included an impairment of mineral properties totaling \$33.9 million (as discussed in the section *Financial Results* in this MD&A). The Company used cash in operations of \$5.0 million, used cash for investing activities of \$7.0 million, and added \$14.4 million 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.

See Note 1 of the Company's condensed interim consolidated financial statements for the three and six months ended June 30, 2022 for further information.

### Cash Flows

Cash used in operating activities during the six months ended June 30, 2022 was \$5.0 million. Cash provided by operating activities for the six months ended June 30, 2021 was \$2.5 million. The reduction compared to the comparative period is due to reduced production/revenue because of lower grade material from the West Pit at the Moss Mine and the advanced stacking program commenced in March 2022 which increased heap leach inventory.

Cash provided by financing activities during the six months ended June 30, 2022 was \$14.4 million (2021: cash used of \$0.9 million) which consisted of an equity financing of \$17.1 million, offset by debt and lease repayments totalling \$2.5 million.

Cash used in investing activities during the six months ended June 30, 2022 was \$7.0 million (2021: \$3.0 million) which included capital expenditures largely tied to construction and materials to be used for the new heap leach pad and exploration drilling.

## Use of Proceeds

### 2022 Equity Financing

In March 2022, the Company completed a private placement. The funds received have been utilized in capital projects and exploration at the Moss Mine, including the building and completion of the heap leach pad 2C, monitoring and production well construction, and exploratory drilling, as well as for general and administrative purposes.

At the time of the offering, the intended use of the net proceeds were estimated to be as follows (in CAD \$ and converted to U.S. dollars at a rate of CAD \$1.00 to USD \$0.7772, the exchange rate on March 8, 2022, being the date of the offering document):

<i>(in thousands of dollars)</i>	Approximate Amount (CAD \$)	Approximate Amount (USD \$)
Heap Leach Pad Construction	\$ 3,920	\$ 3,047
Monitoring and Water Well Construction	3,120	2,425
Exploration Program	4,870	3,785
Miscellaneous Capital Expenditures	477	371
Engineering Studies for Future Heap Leaching	956	743
General and Administrative Expenses and Working Capital	5,059	3,932
<b>Total</b>	<b>\$ 18,402</b>	<b>\$ 14,303</b>

In March 2022, as a result of the over-allotment option being exercised by the broker agents, the Company received net cash proceeds of \$17.1 million (net of financing broker fees paid in cash and regulatory, legal, and accounting fees incurred related to the financing). A summary of the current expenditures and funds allocated to the above noted projects and their progress follows:

- The purchase of supplies and construction required for a new heap leach pad was completed in August 2022. Total funds allocated to the project to June 30, 2022 is approximately \$1.7 million. The final costs and expenditures on the project will be incurred and paid in Q3 2022, but the overall costs are anticipated to be in-line with expectations. This project is now considered complete and milestones reached.
- The monitoring wells were completed in Q2 2022 at a cost of approximately \$0.4 million, while the costs associated with the production wells to June 30, 2022 are approximately \$1.2 million. The production wells were completed and brought online in August 2022. Final costs to complete the production wells will be incurred in Q3 2022 but the Company expects to complete the project under original cost estimates. The monitor well project consisted of drilling and completing five points of compliance monitoring wells which are a requirement of an Aquifer Protection Permit and subject to review and approval of multiple regulatory agencies. Current production wells at the Moss Mine Project were scheduled to be mined out in the proposed 2022 mine expansion. It is anticipated that the new production wells will reduce the amount of water to be delivered from offsite sources and support future operations and exploration work. This project is now considered complete and milestones reached.
- Exploration work at Moss Mine included expenditures of approximately \$2.1 million in RC drilling programs and geophysical surveys over the course of Q2 2022 (see details under the *Exploration* section in this MDA). The exploration program was extended to test high-priority regional targets, including Florence Hill in August 2022. This project is considered on-going.
- The Company has also completed \$0.1 million in miscellaneous capital expenditures and \$0.2 million in pad design and technical studies. These projects are considered on-going.
- In April 2022, the Company repaid approximately \$2.2 million in interest and principal related to a short-term loan which carried a fixed annual interest rate of 18% per annum. The Company was able to renegotiate the repayment of the remaining loan and reduce the interest rate on repayment to 12% per

annum. The Company considered the repayment of this loan advantageous considering the high interest rate component. This short-term loan has now been repaid in full as at June 30, 2022.

- The Company utilized \$5.6 million in general working capital and funding operations between Q1 and Q2 2022.

The remaining balance from the financing, totaling \$3.6 million, is expected to be utilized to pay for the completion of the heap leach pad and exploration work in Q3 2022.

### **2021 Eclipse Acquisition**

As a condition to the acquisition of Eclipse, immediately prior to the effective time of the closing, Eclipse would have total cash, net of current liabilities, of at least CAD \$4.6 million. It was also a condition to the closing of the Transaction that proceeds of at least CAD \$20.0 million be raised by Eclipse in a concurrent financing of subscription receipts. Eclipse completed the required financing and at the time of the acquisition by Elevation, the available funds totaled approximately CAD \$24.1 million. The funds were utilized in 2021 on exploration and development at the Moss Mine (CAD \$7.5 million), exploration and development at the Hercules Project (CAD \$2.6 million), change of control provisions (CAD \$0.6 million), and general corporate purposes (CAD \$13.4 million). Further details are provided in the Company's MD&A for the year ended December 31, 2021.

With the funds available to the Company noted above, the Company was able to achieve the intended business objectives and milestones related to the Moss Mine Project. The funds were utilized to expand the exploration programs and development at the Moss Mine Project through 2021, including upgrading inferred mineral resources to measured and indicated mineral resources, adding new mineral resources proximate to current mineral resources, and further optimizing the planned mining sequence based on improving resource modeling incorporating the exploration results. The funds also allowed the Company to complete exploration of regional targets near the Moss Mine Project, including exploration of medium-term targets and evaluation of potential longer-term targets within the ~10,000 acre claim boundaries. The Company was also able to advance its exploration program at the Hercules Project but did not complete an initial mineral resource estimate by Q1 2022. Funds were diverted to the Moss Mine Project as the exploration results from the Moss Mine Project warranted further funding of development and exploration work ahead of the Hercules Project.

### **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 \$6.0 million 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 \$3.0 million. Additional advances following the Initial Advance will be made available to the Company at the discretion of the lender. The lender 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.

## SUMMARY OF QUARTERLY RESULTS

(in thousands of dollars, except per share amounts)	Three Months Ended							
	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020
Revenue	\$ 14,386	\$ 13,535	\$ 13,759	\$ 12,095	\$ 16,590	\$ 16,402	\$ 25,910	\$ 26,829
Cost of sales	(20,711)	(13,624)	(17,834)	(10,898)	(13,848)	(13,282)	(17,213)	(18,608)
Operating income from mine operations before depreciation and depletion	(3,923)	1,517	(1,497)	2,910	5,028	5,297	11,807	11,955
Income (loss) for the period	(33,804)	(1,707)	874	3,535	741	(1,575)	11,675	(18,783)
Basic Income (loss) per share	\$ (0.31)	\$ (0.03)	\$ 0.01	\$ 0.06	\$ 0.01	\$ (0.03)	\$ 0.30	\$ (0.45)
Gold ounces produced (oz)	6,809	6,268	6,739	6,526	7,054	8,787	11,124	13,083
Gold ounces sold (oz)	6,998	6,512	6,795	6,214	8,045	8,121	11,760	12,824
Average realized gold price per ounce <sup>(1)</sup>	\$ 1,864	\$ 1,881	\$ 1,804	\$ 1,785	\$ 1,793	\$ 1,801	\$ 1,898	\$ 1,887
Total Cash Costs per ounce sold <sup>(1)</sup>	\$ 1,661	\$ 1,648	\$ 1,300	\$ 1,316	\$ 1,168	\$ 1,148	\$ 894	\$ 954

<sup>(1)</sup> This is a non-IFRS measure, for further information refer to the *Non-IFRS Measures* section in this MD&A.

The financial results are most directly impacted by the level of gold production/gold sales and the gold price for each quarter, which are the main drivers of the volatility noted for revenue and operating income from mine operations before depreciation and depletion in the above quarterly information table. Income (loss) for the period can be volatile from quarter to quarter due to the change in the Company's share price and global silver market pricing which will affect the fair value of the Company's derivative instruments related to warrants, convertible debentures, and the silver stream obligation.

For the quarters ended December 31, 2020, and September 30, 2020, the Company achieved significantly higher revenue and operating income from mine operations (before depreciation and depletion) due largely to higher processed grades for each period, at 0.55 g/t gold and 0.69 g/t gold respectively. Income (loss) for the quarter ended September 30, 2020, was negatively impacted by a loss on revaluation of derivative liabilities totalling \$26.3 million driven by higher silver prices and the Company's higher share price as well. This was reversed for the quarter ended December 31, 2020, as the Company recorded a gain of \$10.0 million on revaluation of derivative liabilities.

Since the beginning of 2021, overall grade has been decreasing as the mine entered a phase of lower grade ore processing, which has been the contributing factor in the reduced gold production and ounces sold, while gold prices continue to remain strong across all periods when compared to historical values. As the Company anticipates seeing higher-grade ore being available as the Moss Mine development continues to progress into the East Pit in Q3 2022.

For the three months ended December 31, 2021, cost of sales, operating income from mine operations, and net income were impacted by a write-down of \$5.8 million related to a revised estimate of recoverable silver ounces in its heap leach ore inventory. The impact of this was offset on income for the period by a gain on the revaluation of the derivative liabilities totalling \$7.9 million.

For the three months ended June 30, 2022, cost of sales was negatively impacted by a \$6.0 million write down of heap leach and doré inventory and a non-cash impairment of \$33.9 million on the Moss Mine cash generating unit, both discussed in the *Financial Results* section of this MD&A.

## CONTRACTUAL OBLIGATIONS

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

<i>(in thousands of US dollars)</i>	<b>Within 1 year</b>	<b>2–3 years</b>	<b>4-5 years</b>	<b>5+ years</b>	<b>Total</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	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 and operating lease commitments.

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

## OFF-BALANCE SHEET ARRANGEMENTS

At the date of this MD&A, there were no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

## 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 the former Chief Executive Officer of the Company. The remuneration of the Company's key management personnel is as follows:

<i>(in thousands of US dollars)</i>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
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 \$0.7 million 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 of June 30, 2022. As of December 31, 2021, the Company had a total short term loan outstanding with a director of the Company of \$0.4 million (CAD \$0.5 million). In Q1 2022, the short-term loan was settled concurrently with the closing of the Company's private placement and debt settlement finalized in March 2022 (as disclosed in *Recent Corporate Developments* section for details).



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

<i>(in thousands of US dollars)</i>	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
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 and gold prepayment facility are held by Maverix Metals Inc., a company with a director in common with Elevation Gold Mining Corporation. Details of both agreements are disclosed in Notes 8 and 10 of the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 and 2021.

### PROPOSED TRANSACTIONS

As of the date of this MD&A, there were no proposed asset or business acquisitions or dispositions.

### ADOPTION OF NEW ACCOUNTING STANDARDS

No new accounting standards have been adopted during the three and six months ended June 30, 2022.

### FUTURE ACCOUNTING POLICY CHANGES ISSUED BUT NOT YET IN EFFECT

There were no future accounting policy changes or pronouncements issued but not yet in effect that may have a significant impact to the Company operations as at June 30, 2022.

### OUTSTANDING SHARE DATA

The total number of outstanding common shares, stock options, and warrants is as follows:

As of:	<b>August 29, 2022</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
Common shares	110,391,281	110,391,281	60,863,627
Stock options	7,518,863	7,518,863	3,848,028
Restricted Share Units	33,305	33,305	48,443
Warrants	58,476,569	60,910,047	11,409,190

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. Full details of the Equity Incentive Plan is available on the Company's Management Information Circular filed on July 21, 2022 available on [www.sedar.com](http://www.sedar.com).

## 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 because 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 as of 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.

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 the section *Contractual Commitments*.

## 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 because 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 ("USD") of \$1.6 million and CAD \$2.7 million (December 31, 2021: USD \$0.8 million and CAD \$0.2 million). With other variables unchanged, a 1% increase on the USD/CAD exchange rate would increase debt by less than \$0.1 million. 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 because 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 less than \$0.1 million. The Company closely monitors its exposure to interest rate risk and has not entered into any derivative contracts to manage this risk.

## NON-IFRS PERFORMANCE MEASURES

The Company has included certain non-IFRS measures in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

### Total Cash Costs and Total Cash Costs per Ounce of Gold Sold

Total cash costs is a common financial performance measure in the gold mining industry but has no standard meaning. The Company reports total cash costs on a gold ounce sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain investors can use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor the Moss mine's operating cost and performance.

Total cash costs include cost of sales such as mining, processing, maintenance, site administration, royalties, selling costs and changes in inventories as well as site-based share compensation less non-cash depreciation and depletion and silver revenue divided by gold ounces sold to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently.

### Total AISC and AISC per Ounce of Gold Sold

The Company believes that AISC more fully defines the total costs associated with the operation of the Moss mine and producing gold. The Company calculates AISC as the sum of total cash costs (as described above), sustaining capital expenditures, accretion on decommissioning and restoration provision, treatment and refinery charges netted against revenue and corporate administrative expenses, all divided by gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently because of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the financial statements.

<i>(in thousands of dollars, except per ounce figures)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021 <sup>(1)</sup>	2022	2021 <sup>(1)</sup>
Gold ounces sold	6,998	8,045	13,510	16,166
Cost of sales	\$ 20,711	\$ 13,848	\$ 34,335	\$ 27,130
Less: Heap leach and doré adjustment <sup>(2)</sup>	(5,343)	-	(5,769)	-
Less: Depreciation and depletion	(2,402)	(2,286)	(4,009)	(4,463)
Add: Refining and transportation	80	57	129	151
Less: Silver and other bi-product revenue	(1,421)	(2,219)	(2,756)	(4,092)
<b>Total Cash Costs</b>	<b>11,625</b>	<b>9,400</b>	<b>21,930</b>	<b>18,726</b>
Sustaining capital expenditures	5,422	6,410	8,460	13,591
Accretion	143	66	262	134
Corporate administration	1,001	1,238	1,752	2,811
<b>Total AISC</b>	<b>\$ 18,191</b>	<b>\$ 17,114</b>	<b>\$ 32,404</b>	<b>\$ 35,262</b>
<b>Cash Costs per ounce of gold sold</b>	<b>\$ 1,661</b>	<b>\$ 1,168</b>	<b>\$ 1,623</b>	<b>\$ 1,158</b>
<b>AISC per ounce of gold sold</b>	<b>\$ 2,599</b>	<b>\$ 2,127</b>	<b>\$ 2,399</b>	<b>\$ 2,181</b>

<sup>(1)</sup> Prior period comparable figures for 2021 did not include corporate administration costs in its calculation of AISC, however, for the purposes of conforming to the current period calculation, corporate administration was included in both periods.

<sup>(2)</sup> During the three and six months ended June 30, 2022, the Company incurred total write-downs of \$5.3 million and \$5.8 million, respectively, related to revised estimates of recoverable gold and silver ounces on the heap leach pad and net realizable value write-down adjustments, which have been added back for the purposes of calculating cash costs per ounce of gold sold and AISC per ounce of gold sold.

Cash Costs and AISC per ounce of gold sold for the three and six months ended June 30, 2022, are higher than the three and six months ended June 30, 2021 due to the reduction in mine grade compared to the prior period resulting in less ounces produced and higher mining and processing costs from higher fuel charges and other consumables as discussed in the *Financial Results* section of this MD&A.

### Average Realized Price of Gold Per Ounce Sold

Average realized price per ounce sold are used by management and investors to better understand the gold price throughout a period.

Average realized price is calculated as revenue per the Consolidated Statements of Income (Loss) and Comprehensive Income (loss) of the Company's for each of the periods presented with adjustments as noted below, less silver revenue divided by gold ounces sold.

<i>(in thousands of dollars, except per ounce figures)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gold revenue	\$ 13,045	\$ 14,428	\$ 25,293	\$ 29,050
Gold ounces sold	6,998	8,045	13,510	16,166
Average realized price per ounce sold	\$ 1,864	\$ 1,793	\$ 1,872	\$ 1,797

## RISKS AND UNCERTAINTIES

The Company is subject to various business, financial, operational, and other risks, uncertainties, contingencies and other factors which could materially adversely affect the Company's future business, operations, and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A.

The nature of the Company's activities and the locations in which it operates mean that the Company's business generally is exposed to significant risk factors, known and unknown, many of which are beyond its control.

For a comprehensive discussion of risks faced by the Company, which may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF"), filed on [www.sedar.com](http://www.sedar.com).

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

In compliance with the Canadian Securities Administrators' Regulation, the Company has filed certificates signed by the President and the Chief Financial Officer ("CFO") that, among other things, report on the design of disclosure controls and procedures and the design of internal controls over financial reporting.

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate and recorded, processed, summarized, and reported to allow timely decisions with respect to required disclosure, including in its annual filings, interim filings or other reports filed or submitted by it under securities legislation.

Management, including the President and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. Management believes that any system of internal control over financial reporting, no matter how well conceived and operated, has inherent limitations. As a result, even those systems designed to be effective can provide only reasonable, not absolute, assurance that the objectives of the control system are met. There have been no changes in Elevation's internal control over financial reporting during the three and six months ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include but are not limited to statements regarding the Company's future exploration and development plans and expenditures,

the satisfaction of rights and performance of obligations under agreements to which the Company is a party, the ability of the Company to hire and retain employees and consultants and estimated administrative and other expenditures.

The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading *Risks and Uncertainties* in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading *Risks and Uncertainties* and to those that may be discussed as part of forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

#### NOTE TO U.S. INVESTORS

This document uses the terms “Measured”, “Indicated” and “Inferred” Resources. U.S. investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. “Inferred Mineral Resources” have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resources will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred Mineral Resources may not form the basis of feasibility or other economic studies. U.S. investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. U.S. investors are also cautioned not to assume that all or any part of an inferred Mineral Resource exists, or is economically or legally mineable.

#### TECHNICAL INFORMATION

Unless otherwise indicated, all technical data contained in this MD&A that relates to geology, exploration and mineral resources has been reviewed and approved by Dr. Warwick Board, P.Geol, Vice President Exploration of Elevation Gold. He is a Qualified Person as defined by NI 43-101 and is responsible for the Moss and Hercules Exploration Projects.

Unless otherwise indicated, the technical disclosure contained within this MD&A that relates to the Company’s operating mine has been reviewed and approved by Tim J. Swendseid, President of the Company and a Qualified Person for the purpose of National Instrument 43-101.