ELEVATION GOLD

# *MANAGEMENT DISCUSSION & ANALYSIS*

For the Year Ended December 31, 2021,
the Six Months Transitional Fiscal Year Ended December 31, 2020, and
the Year Ended June 30, 2020

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## 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 April 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 year ended December 31, 2021. This MD&A should be read in conjunction with the audited 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, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information, including this MD&A, 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, and the Company's website, 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, average realized cash margin, and adjusted EBITDA 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 acquisition, exploration, development and operation 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 NASDAQ OTC in the United States under the ticker symbol EVGDF.

The Company's principal operation is the 100% owned Moss Mine in Mohave County, 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. The Company's management and technical team are proven professionals with extensive experience in all 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.

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 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 the year ending December 31, 2021. Additional information and comparisons to prior periods is provided throughout this MD&A.

- Elevation produced 29,107 ounces of gold and 229,212 ounces of silver during YE 2021 from 2,757,861 ore tonnes processed with average grades of 0.43 g/t gold and 5.75 g/t silver
- The Company generated total revenue of $58.8 million on 29,175 ounces of gold and 266,088 ounces of silver sold. The average realized price of gold per ounce sold (1) was $1,796 and average realized cash margin per gold ounce sold (1) was $571
- Income from mine operations totaled $3.0 million
- Cash costs per ounce of gold sold (1) of $1,225 and all-in sustaining costs ("AISC") per ounce of gold sold (1) of $1,997 (of which $594 per ounce was related to capital expenditures tied to exploration and heap leach pad build)
- Updated Mineral Reserve and Resource estimates and Technical Report for its Moss Mine in Q4 2021
- Development, construction, and commissioning to full operation of Heap Leach Pad 3A
- Completed 2021 exploration multi-phase infill and resource expansion drilling program at the Moss Mine, which included 42,570 meters of drilling and a regional exploration program conducted at the Hercules Project

## RECENT CORPORATE DEVELOPMENTS

### Technical Report on Moss Mine

In the fourth quarter of 2021, the Company filed an updated Mineral Reserve, Mineral Resource estimates and Technical Report for the Company's Moss Mine. The full report is available on the Company's SEDAR profile and its website. Highlights of the report include the following:

- Proven and Probable Mineral Reserves of 12.7 million tonnes with grades of 0.45 g/t gold and 5.4 g/t silver containing 184,500 ounces of gold and 2.2 million ounces of silver
- Measured and Indicated Mineral Resources (inclusive of Mineral Reserves) of 38.9 million tonnes with grades of 0.39 g/t gold and 4.60 g/t silver, containing 490,200 ounces of gold and 5.75 million ounces of silver with Inferred Mineral Resources of 6.6 million tonnes with grades of 0.35 g/t gold and 4.50 g/t silver, containing 73,800 ounces gold and 940,000 ounces silver
- Life of Mine plan only based on the Proven and Probable Mineral Reserve estimates the mine life to 2025, with additional resources adding potential additional mine life with additional drilling completed in 2021 and 2022
- Technical Report only includes drilling information available at July 1, 2021 and future drilling and exploration information will be used in future updates to the reserve and resource estimates

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

## Changes to Management

Mr. Tim J. Swendseid was appointed the Chief Operating Officer of the Company on December 13, 2021 (previously a vacant position with the Company). In January 2022, Mr. Paulo Santos commenced his role as Elevation's Chief Financial Officer following the resignation of Mr. David Splett, effective November 29, 2021.

Mr. Swendseid has over 35 years of worldwide experience in operating, technical and financial aspects of mining projects. Immediately prior joining Elevation, Tim was the Chief Operating Officer of Boroo Mining at the Lagunas Norte operation in Peru and prior to that has held a number of key senior industry management positions internationally. Tim holds a B. S. in Mining Engineering from Montana Tech and an MBA from the University of Arizona. Tim is currently a director of SME (Society of Mining, Metallurgy & Exploration, Inc.).

Mr. Santos has over 20 years in accounting, financial management, reporting, mergers and acquisitions and corporate governance. Immediately prior to joining Elevation, he was the VP, Finance of Calibre Mining Corp. and has previously held a number of senior positions with other mining and exploration companies throughout his career. Paulo is a member of the Institute of Chartered Accounts of British Columbia.

## Acquisition of Eclipse Gold Mining Corporation

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. Significant judgment and estimates were required to determine that the application of this accounting treatment was appropriate for the transactions. 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 outputs, that together constitute a business. Details of 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.

On August 9, 2019, Eclipse entered into an agreement with Great Basin Resources, Inc and Iconic Minerals Ltd. for an option to obtain a 100% interest in the Hercules Project, comprising of certain unpatented mining claims located in Lyon County, Nevada. The option agreement has a maximum term of 12 years from February 18, 2020.

The Hercules Project, part of the Como mining district, is located approximately 40 kilometers southeast of the city of Reno, in Lyon County, Western Nevada. A total of 1,323 unpatented and four patented lode mining claims comprise the Hercules Project property and covers 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")

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 daily sanitation and routine deep cleaning of the workplace spaces.

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.

### Change in Year End

In an effort to bring the Company's financial reporting cycle in line with common practice for the mining industry and for better comparability to its peers, the Company changed its year end to December 31. The length of the ending date of the periods, including the comparative periods, of the interim and annual financial statements to be filed for the transition year and new financial year are as follows:

| | |
|---|---|
| **New Financial Year** | Twelve months ended December 31, 2021 |
| **Transition Year** | Six months ended December 31, 2020 |
| **Comparative Annual Financial Statements to Transition Year** | Twelve months ended June 30, 2020 |
| **Comparative Annual Financial Statements to New Financial Year** | Six months ended December 31, 2020; and Twelve months ended June 30, 2020 |
| **Interim Periods for the Transition Year** | Not applicable |
| **Comparative Interim Periods to Interim Periods in Transition Year** | Not applicable |
| **Interim Periods for New Financial Year** | Three months ended March 31, 2021; Six months ended June 30, 2021; and Nine months ended September 30, 2021 |
| **Comparative Interim Periods to Interim Periods in New Financial Year** | Three months ended March 31, 2020; Six months ended June 30, 2020; and Nine months ended September 30, 2020 |

## OUTLOOK

Following the completion of the Company's equity financing (see *Subsequent Events* section for details), the Company expects to complete a number of key capital projects during the remainder of 2022. The Company anticipates that a new heap leach pad (pad 2C) will be constructed to maintain a steady state of operations into 2023, as a transition takes place between the current and new heap leach pads. Completion of the new pad is expected to occur in the third quarter of 2022.

The Company also expects to allocate the use of proceeds to a new monitoring well project and additional production wells. The monitor well project consists of drilling and completing five point of compliance monitoring wells which are a requirement of an Aquifer Protection Permit and subject to review and approval of multiple regulatory agencies. The production water wells are needed to secure water for operations as well as to allow for currently operating water wells to be removed as part of the mining sequence (expansion) at the Moss Mine. The production water well program will consist of up to six small diameter test bore holes to evaluate water resources prior to drilling two larger diameter production water wells. The two large diameter production wells will replace the currently operating wells that are to be removed as part of the expansion of the Moss Mine.

In addition, the Company will continue its exploration programs throughout the remainder of 2022 and will explore both along strike and within the footprint of the Moss Mine Project. Company is in the process of receiving bids for road construction to allow for access to permitted high priority regional targets at the Moss Mine. The Company anticipates drilling on the high priority regional targets in Q2 to Q3 2022, depending on the availability of road construction contractors.

In addition to the capital projects and exploration programs expected in 2022, the Company is continuing to review mining, crushing, and processing strategies to optimize operations. Additional exploration drilling and information received since the completion of the Company's most recent technical report is being analyzed to review and source future ore material and an updated internal mine model.

## EXTERNAL PERFORMANCE DRIVERS AND TRENDS

### Price of Gold

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 committed to being an unhedged seller of gold.

As at December 31, 2021, the price of gold closed at $1,806 per ounce, down slightly (4.3%) from December 31, 2020. The average spot gold price for the year ended December 31, 2021 was $1,799 (year 2020: $1,770). Subsequent to year end, the price of gold continued its upward trend, as the price of gold reached a high of $2,052 per ounce on March 8, 2022.

## 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 dore. The table below presents operational highlights for the periods presented.

| | | Year Ended Dec. 31, 2021 | Six Months Ended Dec. 31, 2020 | Year Ended Jun. 30, 2020 |
|---|---|---|---|---|
| **Mining** | | | | |
| Ore mined | t | 2,810,037 | 1,278,332 | 2,133,730 |
| Waste mined | t | 5,624,800 | 3,050,359 | 4,062,764 |
| Total mined | t | 8,434,838 | 4,328,691 | 6,196,494 |
| Strip ratio | waste/ore | 2.00 | 2.39 | 1.90 |
| **Crushing** | | | | |
| Tonnes stacked [(1)] | t | 2,757,861 | 1,310,224 | 2,115,313 |
| Tonnes stacked per day (average) | tpd | 7,556 | 7,121 | 5,780 |
| Contained gold ounces stacked | oz | 38,268 | 26,275 | 48,269 |
| Contained silver ounces stacked | oz | 527,254 | 384,711 | 869,840 |
| Gold grade | g/t | 0.43 | 0.62 | 0.71 |
| Silver grade | g/t | 5.95 | 9.13 | 12.79 |
| **Processing** | | | | |
| Merrill Crowe recovery – gold | % | 99 | 99 | 97 |
| Gold ounces produced | oz | 29,107 | 24,207 | 33,500 |
| Silver ounces produced | oz | 229,212 | 215,062 | 273,333 |
| **Sales** | | | | |
| Gold ounces sold | oz | 29,175 | 24,584 | 33,222 |
| Silver ounces sold [(2)] | oz | 266,088 | 259,246 | 312,465 |

(1) Tonnes stacked for the year ended December 31, 2021 included 112,053 of low-grade ore which was stacked as over-liner for the new heap leach pad.

(2) Includes silver ounces purchased and on-sold to the final customer to deliver deferred ounces relating to silver streaming agreement.

### Mining

During the year ended December 31, 2021 a total of 2,810,037 tonnes of ore was mined at a strip ratio of 2.00. Included in the mined tonnes for the year were 112,053 tonnes of low-grade material which was crushed and stacked for use as over-liner material for the new heap leach pad 3A, commissioned in the second half of 2021. Mining operations were transformed from September 2020 through March 2021, with the ramp up of operations in the West Pit (as noted below), which is now fully mature with large production benches that support efficient mining operations. Mining operations during the YE 2021 were impacted by a three-week delay of stacking operations as a result of transitioning from heap leach 2B to pad 3A, which affected tonnes moved for the year and lower gold ounce delivery from the pits. While head grades have trended down since 2020, mining now incorporates ore from both the West and East Pit, which increase the amount of ore available for processing at above current economic cut-off grade. The higher strip ratio was a result of design changes in the East Pit which require extra waste movement to expose ore. These changes are expected to increase the 2022 mineable ounces from the East Pit beginning in Q2 2022.

For the six months ended December 31, 2020, Elevation mined a total of 1,278,332 tonnes of ore. During the same time period, mining operations were transformed by a ramp up of operations in the West Pit, maturing operating procedures in the East Pit, and a wind-down of daily operations in the Center Pit. Early development of the West Pit encountered ore in higher elevations than what was previously modelled, while mining in the East Pit encountered pods of high-grade material. As expected, overall head grades trended down over the next few quarters into 2021, as ore supplied by the Center Pit began to be replaced by lower grade material from the West Pit. The strip ratio during the period was higher than historical actuals as a result of work in the West Pit to complete pioneering and the generally higher strip ratio in the East Pit contributing to the overall 2.39:1 strip ratio for the period.

During the year ended June 30, 2020, 2,133,730 tonnes of ore were mined at a strip ratio of 1.90:1. Mining during the year ended June 30, 2020 was focused on the advancement of the benches in the Center Pit (improving wall control) and the commencement of mining in the East Pit towards the second half of the fiscal year ended June 30, 2020. During the same period, ore fragmentation from drilling and blasting practices were poor, resulting in oversized ore which impacted throughput and grade in crushing and processing during the period. To correct these issues, Elevation engaged and mobilized a second drilling and blasting contractor in the second half of the period to improved results. In March 2020, the Moss Mine received the Mining Permit of Operations, thereby allowing the Company to operate on federal lands under the jurisdiction of the Bureau of Land Management. This expansion beyond the patented land allows the mine significant operational efficiencies and potential for increased overall size in the years following.

### Crushing

During the year ended December 31, 2021 the average daily crushing rate was 7,556 tonnes, resulting in a total of 2,757,861 crushed tonnes at an average gold grade of 0.43 g/t and an average silver grade of 5.95 g/t. Tonnes stacked during the year included 112,053 tonnes of low-grade material which was crushed and stacked to be used as overliner material for the new heap leach pad. With additional increases in heap leach pad space scheduled for construction in 2022 and improvements in fragmentation, the crusher is expected to demonstrate further increases to throughput in 2022. In the fourth quarter of 2021, the Company experienced some unexpected blasting issues that resulted in some oversized ore and decreased throughput. Drilling and blasting strategies were utilized to correct the oversize issue and the updated techniques reduced the fragmentation issues in early 2022. Management continues to focus on key crushing processes tied to conveyor moves, successful blasting techniques, blockages tied to large rocks in the feed hopper, and ore loading restrictions to the crusher to maintain increasing daily crushing rates. As a result of these efficiencies, Elevation has seen crushing rates for Q1 2022 approaching 8,000 tonnes per day, with the month of March 2022 averaging over 9,700 tonnes per day.

During the six months ended December 31, 2020, the average daily crushing rate was 7,121 tonnes resulting in a total of 1,310,224 crushed tonnes at an average gold grade of 0.62 g/t and an average silver grade of 9.13 g/t. Stacked gold and silver ounces for the six months ended December 31, 2020 were 26,275 and 384,711 respectively. As mining operations (drilling and blasting) were stabilized with a new contractor, and ore feed sizes to the crusher met historic norms in the last quarter of 2020, ore size and associated ore reduction ratios had been elevated compared to previous quarters, and the potential operational advantages of the coarser crush would be realized in 2021.

During the year ended June 30, 2020, total ore crushed improved by 21% from the prior year end, with daily crushing rates of 5,780 tonnes. A total of 2,115,313 tonnes of ore was crushed at an average gold grade of 0.71 g/t and an average silver grade of 12.79 g/t. Stacked gold and silver ounces for the same period were 48,269 and 869,840 respectively. The Company's maintenance programs continued to pay dividends, with excellent mechanical availability for the primary crushing system as the year went on, thereby increasing the crushing rate. While the crushing rate was overall better than in 2019, the Company did experience some slowdown related to oversized material and a portable crusher was utilized to eliminate the oversized ore related to the poor drilling and blasting practices previously mentioned.

### Processing

During the year ended December 31, 2021, a total of 29,107 Au ounces and 229,212 Ag ounces were produced. Gold production was lower, tied to grade and because of delayed use of available space on the new 3A heap leach pad. Stacking operations on pad 3A commenced the third week of July 2021, and solution application started in the fourth week of July 2021, in coordination with the receipt of all required operating permits. Final stacking on the 2A/B pad was completed in June 2021 and the final leach and rinse program for ore placed on this pad will proceed over an 18-month schedule. Residual leach ounces from pad 2A/B will supplement primary leach ore on the 3A pad through 2022. The Merrill-Crowe plant continues to record recoveries from pregnant solution of 99% with excellent availability and utilization. Overall plant efficiencies continue to improve and have resulted in year-over-year cost reductions in plant reagent consumption.

For the six months ended December 31, 2020, a total of 24,207 ounces of gold and 215,062 ounces of silver were produced. Total flows through the pad rose to 2,515 gallons per minute for the last quarter of 2020 to facilitate liberation of gold, but the enhanced gold recoveries previously seen in 2020 slowed in 2021 as sections of the pad were re-irrigated, picking up in their scheduled tertiary harvest leach cycles.

During the year ended June 30, 2020, a total of 33,500 gold ounces and 273,333 silver ounces were produced. There were continued improvements related to operator training, solution application strategies, heap pad cyanide soluble inventory reduction and Merrill Crowe capacity/performance which generated outstanding results. Merrill Crow recoveries and processed solution flows continued to rise with recovery rates, up to 97% for the year ended June 30, 2020 (from 81% in the prior year end of 2019), while solution flows increased up to as high as 2,800 gallons per minute. The increased flowrate resulting in accelerated gold recoveries.

## FINANCIAL RESULTS

The net income (loss) for the year ended December 31, 2021, six months ended December 31, 2020 and year ended June 30, 2020 is comprised of the following items:

| *(in thousands of dollars)* | Year Ended Dec. 31, 2021 | Six Months Ended Dec. 31, 2020 | Year Ended Jun. 30, 2020 |
|---|---|---|---|
| Revenue | $ 58,845 | $ 52,739 | $ 56,961 |
| Production costs | (43,996) | (26,085) | (34,921) |
| Royalties | (3,111) | (2,892) | (3,412) |
| Mine operating income before depreciation and depletion | 11,738 | 23,762 | 18,628 |
| Depreciation and depletion | (8,754) | (6,844) | (10,718) |
| Earnings from mine operations | 2,984 | 16,918 | 7,910 |
| Corporate administrative expenses | (4,963) | (2,115) | (2,501) |
| Finance costs | (5,683) | (6,725) | (6,436) |
| Gain (loss) on revaluation of derivative liabilities | 11,067 | (16,265) | 745 |
| Other | 170 | 1,079 | 1,012 |
| Income (loss) for the period | $ 3,575 | $ (7,108) | $ 730 |

Elevation Gold continues to benefit from high gold prices. Average realized gold per ounce sold for the year ended December 31, 2021 ("YE 2021") was $1,796, compared to $1,892 for the six months ended December 31, 2020, and $1,563 for the year ended June 30, 2020.

During the YE 2021, the Company sold a total of 29,175 gold ounces and 266,088 silver ounces for total revenue of $58.8 million. For the six months ended December 31, 2020, the Company sold 24,584 ounces of gold and 259,246 ounces of silver for total revenue of $52.7 million. For the year ended June 30, 2020, the Company sold 33,222 ounces of gold and 312,465 ounces of silver for total revenue of $57.0 million. The Company benefited significantly from mining significantly higher-grade material during the six months ended December 31, 2020 compared to the YE 2021, averaging 0.44 g/t gold vs 0.62 g/t gold for each of the respective periods.

Operating income from mine operations excluding depreciation and depletion was $11.7 million for the YE 2021 compared to $23.8 million and $18.6 million for the six months ended December 31, 2020 and the year ended June 30, 2020 respectively. The reduction compared to the prior fiscal year was largely driven by reduction in grade, which was mined out of the west pit. 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. For the YE 2021, the Company revised its estimate of recoverable silver ounces in the heap leach ore inventory. Accordingly, production costs for that period includes an inventory write down charge of $4.9 million.

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. For the YE 2021, the Company revised its estimate of recoverable silver ounces in the heap leach ore inventory. Accordingly, depreciation and depletion includes an inventory write down charge of $0.9 million.

Decreases in royalty expenses for the YE 2021 (as a percentage of revenue) have occurred as mining operations move away from the 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%.

The increase in corporate administrative expenses is driven by a one-time severance payment of $0.9 million and a ramp-up in marketing activities and consulting/legal expenditures relating to group restructuring.

The decrease in finance costs compared to the comparative periods relates to a decrease in interest expense due to repayment of the 2019 convertible debenture during the 2020 calendar year. The six months ended December 31, 2020 also included a one time conversion rights waiver of $2.0 million.

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.

Other income relates to forgiveness of debt and creditors, as well as foreign exchange adjustments.

Impairment assessment

During the year ended December 31, 2021, 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 varying value of the CGU. The recoverable amount was determined using a discounted future cash-flow model. After a review of Company's impairment model and consideration of mineral reserves and resources, it was determined that no impairment is to be recognized for the Moss Mine CGU at December 31, 2021.

Key assumptions in impairment assessment and sensitivity analysis

The projected cash flows used in impairment testing are significantly affected by changes in assumptions. Key assumptions included by management in the discounted cash-flow model included a gold price ranging from $1,750 to $1,850, gold and silver recoveries of 80% and 43% as indicated in life of mine plans, in-situ value per ounce of gold mineral reserves and resources of $75, 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 December 31, 2021, 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 impairment of $1.6 million,
- a 10% decrease in gold recoveries would result in an impairment of $2.7 million, and
- a 5% increase in the real after-tax discount rate would not result in any impairment.

## FOURTH QUARTER 2021 HIGHLIGHTS

| | | **Three Months Ended December 31, 2021** | | **Three Months Ended December 31, 2020** |
|---|---|---|---|---|
| Ore mined | t | 690,967 | | 571,703 |
| Waste mined | t | 1,552,240 | | 1,532,220 |
| Total mined | t | 2,243,207 | | 2,103,923 |
| Strip ratio | Waste/ore | 2.25 | | 2.68 |
| | | | | |
| Tonnes stacked | t | 710,173 | | 626,518 |
| Gold grade | g/t | 0.37 | | 0.55 |
| Gold ounces produced | oz | 6,739 | | 11,124 |
| Gold ounces sold | oz | 6,795 | | 11,760 |
| | | | | |
| Revenue | $ ('000s) | 13,759 | $ | 25,910 |
| Cost of sales | $ ('000s) | (17,834) | $ | (17,213) |
| Earnings (loss) from mine operations | $ ('000s) | (4,075) | $ | 8,697 |
| Net Income (loss) | $ ('000s) | 874 | $ | 11,675 |

The Company sold a total of 6,740 gold ounces during the quarter ended December 31, 2021 (2020: 11,124 ounces) for total revenue of $13.7 million (2020: $25.9 million). The reduction in ounces sold and revenue is driven by a decrease in gold grade from 0.55 g/t to 0.37 g/t over the comparable periods.

The decrease in net income of $10.8 million period over period is driven by a decrease in earnings from mine operations of $12.8 million due to the reduction in grade and a decrease in the gain on derivatives of $7.2 million. These items partially offset by a reduction in finance costs of $3.6 million due to a repayment of the 2019 convertible debenture in 2019, which included a one-time conversion rights waiver of $2.0 million. For the three months ended December 31, 2021, the Company revised its estimated of recoverable silver ounces in the heap leach ore inventory. Accordingly, cost of sales includes an inventory write down charge of $5.8 million in Q4 2021.

## EXPLORATION

### Moss Project, Mohave County, Arizona

The multi-phase infill and resource expansion drilling program which commenced in May 2020, continued throughout 2021. The drilling was conducted along a strike length of approximately 1.65 kilometers, extending from the western side of the West Pit to about 170 meters to the east of the East Pit, and down to depths of almost 365 meters below the current mine workings. Total meterage drilled in 2021 was approximately 42,570 meters in 179 drillholes, including 35,590 meters in 149 Reverse Circulation (“RC”) drillholes and 6,980 meters in 30 diamond core drillholes. Approximately 34,860 meters in 146 RC drillholes targeted the Moss vein system, associated hanging wall stock work, Ruth Vein, and possible intersections between the Moss and Ruth veins. Three RC drillholes (approximately 730 meters) were condemnation drillholes drilled in the 3B leach pad area. Most of the diamond drillholes (approximately 6,210 meters in 23 drillholes) targeted the Ruth Vein. Seven of the diamond core drillholes (approximately 770 meters) targeted the West Oatman Vein.

Numerous significant intercepts from the 2021 infill and resource expansion drilling were publicly reported in news releases dated May 26, June 10, July 27, and September 8, 2021, demonstrating that epithermal mineralization extends well beyond the current life of mine pit limits (see noted press releases for full results disclosure). Results continue to indicate the presence of significant epithermal gold and silver mineralization in the Moss and Ruth vein systems and associated hanging wall stockwork beneath the existing mine, between current pits, and to the east of the East Pit. Highlight intersections included:

- 64.01 m grading 1.65 g/t Au and 15.39 g/t Ag and 30.85 meters grading 1.65 g/t Au and 34.25 g/t Ag in the Moss Vein beneath the existing pits
- 38.10 m grading 1.43 g/t Au and 19.22 g/t Ag and 36.58 meters grading 1.46 g/t Au and 35.10 g/t Ag in the intersection between the Moss and Ruth Veins beneath the existing pits
- 22.86 m grading 1.48 g/t Au and 6.21 g/t Ag and 8.23 meters grading 3.22 g/t Au and 18.10 g/t Ag in the Ruth Vein within 100 m south of the current south wall crest of the highwall between the Center and East Pits
- 50.29 meters grading 1.61 g/t gold and 20.39 g/t silver and 207.46 meters grading 0.77 g/t Au and 11.80 g/t Ag in the Moss Vein beneath the highwall between the Center and East Pits. Although the longer intersection was from a drillhole drilled down dip of the Moss Vein, it highlights the potential extent of mineralized Moss Vein to depths of at least 200 meters beneath this part of the mine
- Drilling to the east of the East Pit intersected 21.34 meters grading 1.98 g/t Au and 23.75 g/t Ag and 22.86 meters grading 1.32 g/t Au and 17.43 g/t Ag in the Moss Vein, indicated that significant mineralization extended at least 140 meters to the east of mining operations in the East Pit, and that it remained open to the east

In addition, results from the West Oatman Vein drilling program were finalized and presented in the September 8, 2021, news release (see press release for full results). Relatively broad intersections of epithermal gold and silver mineralization were intersected in the upper parts of the West Oatman Vein system, as well as in previously untested silicification in the footwall to the main vein system. Highlights included 35.97 m grading 0.36 g/t Au and 1.64 g/t Ag in the West Oatman Vein.

Elevation reported in a news release dated June 22, 2021 (see noted press release for full disclosure details) that it had significant expanded its property holdings around the Moss Mine in Mohave County in NW Arizona to approximately 169 square kilometers and that it had acquired property-wide hyperspectral alteration data.

On November 4, 2021, and December 1, 2021, Elevation provided further results targeting the Moss and Ruth Veins and associated hanging wall stockwork, along strike of and at depth below the active mine (see press releases for full results and links to cross sections and maps). Highlights are as follows:

- Mining in the West pit has advanced to where drilling of the Gold Bridge Zone can be reactivated. Drilling of the Gold Bridge area is targeting a continuation of the Moss vein system between the Center and West pits.
- Drilling in the Gold Bridge area returned a thick zone of significant gold and silver mineralization:
    - Drillhole AR21-515R intersected 144.78 meters grading 0.36 g/t Au and 3.22 g/t Ag, including 4.57 meters grading 0.87 g/t Au and 9.77 g/t Ag, and including 15.24 meters grading 0.92 g/t Au and 7.44 g/t Ag.
    - Drillhole AR21-521R, drilled to the south, intersected 45.72 meters grading 0.40 g/t Au and 3.41 g/t Ag, including 4.57 meters grading 0.94 g/t Au and 2.70 g/t Ag from 7.62 meters downhole and a further 24.38 meters grading 0.42 g/t Au and 1.13 g/t Ag, including 10.67 meters grading 0.72 g/t Au and 1.99 g/t Ag from 86.87 meters downhole
    - Drillhole AR21-531R, drilled to the north, intersected 76.20 meters of stockwork mineralization grading 0.33 g/t Au and 2.48 g/t Ag, including 6.10 meters grading 0.63 g/t Au and 1.20 g/t Ag, and including 3.05 meters grading 0.94 g/t Au and 1.60 g/t Ag, and including 7.62 meters grading 0.50 g/t Au and 5.70 g/t Ag.
- Moss Mine infill drilling continued to intersect significant gold and silver mineralization in the Moss Vein system at depth below the active Center and East Pits:
    - Drillhole AR21-498R intersected 76.20 meters grading 0.73 g/t Au and 6.50 g/t Ag, including 6.10 meters grading 3.62 g/t Au and 36.43 g/t Ag
    - Drill hole AR21-494R (approximately 274 meters east of Site F2) intersected 109.73 meters grading 0.49 g/t Au and 6.41 g/t Ag including 13.72 meters grading 1.52 g/t Au and 20.61 g/t Ag
    - Drill hole AR21-504R drilled at Site R, located more than 900 meters east of Site F1, intersected 15.24 meters grading 2.17 g/t Au and 35.14 g/t Ag, including 4.57 meters grading 5.33 g/t Au and 102.33 g/t Ag
- Elevated gold and silver grades were intersected in the Moss Vein and associated hanging wall stockwork down to depths of between 30 meters and 205 meters below the then current surface along a strike length of almost 175 meters to the east of the East Pit's eastern crest:
    - Drillhole AR21-535R intersected 45.72 meters grading 1.17 g/t Au and 12.53 g/t sAg, including 15.24 meters grading 2.54 g/t Au and 27.08 g/t Ag, and including 6.10 meters grading 3.89 g/t Au and 43.43 g/t Ag
    - Drillhole AR21-522R intersected 65.53 meters grading 0.94 g/t Au and 18.70 g/t Ag, including 16.76 meters grading 1.94 g/t Au and 42.39 g/t Ag
    - Drillhole AR21-524R intersected 16.76 meters grading 0.96 g/t Au and 10.61 g/t Ag, including 4.57 meters grading 2.95 g/t Au and 23.60 g/t Ag

More recently, the Company announced results from the 2021 drilling campaign in its news release dated March 31, 2022 (see news release for full details, maps, and links to further information). Drilling beneath the eastern edge of the East Pit intersected stockwork and vein-hosted epithermal gold-silver mineralization down to depths of between 55 meters and 205 meters below the current mining surface and up to 130 meters along strike to the east of the active East Pit. Highlights included:

- Drillhole AR-544R intersected 3.05 meters grading 5.04 g/t Au and 15.80 g/t Ag in the Ruth Vein approximately 145 meters below the current surface and approximately 130 meters east of the East Pit.
- Drillhole AR21-457C intersected 31.06 meters grading 0.51 g/t Au and 3.46 g/t Ag, including 9.36 meters grading 1.01 g/t Au and 7.03 g/t Ag in the Moss Vein approximately 140 meters below the base of the East Pit.

- Drillhole AR21-546R intersected 80.77 meters grading 0.87 g/t Au and 9.56 g/t Ag, including 4.57 meters grading 9.65 g/t Au and 64.53 g/t Ag in stockwork mineralization from a depth of 100 meters below the eastern edge of the East Pit.
- Drillhole AR21-475C intersected 29.29 meters grading 1.90 g/t Au and 17.05 g/t Ag, including 14.11 meters grading 3.69 g/t Au and 33.37 g.t Ag and 1.62 meters grading 27.30 g/t Au and 202.00 g/t Ag in the Ruth Vein; and 1.58 meters grading 6.38 g/t Au and 70.40 g/t Ag in the Moss Vein at depths of between 125 meters and 200 meters beneath the East Pit. Note that the drillhole was oriented almost parallel to the Ruth Vein while targeting the Moss Vein at depth. The Ruth Vein intercept in hole AR21-475C should not be considered indicative of the true thickness of mineralization. However, it does show that elevated gold and silver mineralization is present in the Ruth Vein in this part of the deposit.

Elevated gold and silver grades were intersected in the Ruth and Moss Veins and associated hanging wall stockwork to depths of between 80 meters and 345 meters below the current highwall crest between the Center and East Pits:

- Drillhole AR21-378C intersected 22.28 meters grading 1.18 g/t Au and 11.81 g/t Ag, including 4.21 meters grading 4.98 g/t Au and 49.40 g/t Ag in the Ruth Vein, and 16.76 meters grading 1.01 g/t Au and 15.24 g/t Ag, including 4.57 meters grading 3.20 g/t Au and 47.62 g/t Ag in the Moss Vein.

### Hercules Project, Lyon County, Nevada

The Hercules Project is a district scale property featuring significant near surface oxide, low-sulphidation gold-silver epithermal mineralization hosted in Tertiary-age volcaniclastic rocks. It is located approximately one hour by car from Reno, Nevada, at the north end of the Walker Lane Trend. The Moss Mine is located towards the southeastern part of the same trend.

On March 2021, the Company announced the results of Phase II drilling conducted at Hercules (conducted in the second half of 2020). Highlights of the program includes intersects of 30.48 meters of 1.63 g/t Au and 18.27 g/t Ag from surface at the Hercules target and 39.62 meters of 1.12 g/t Au and 5.38 g/t Ag at the Cliffs target. Full results are available in the Company's news release dated March 22, 2021. Results from Phase II drilling appear to have confirmed the presence of a high-grade, near surface core of mineralization at the Hercules target. In addition, drilling at Cliffs target discovered new gold mineralization further to the east than was intersected in previous drilling. Results also suggest additional discoveries may be made in the largely untested overburden-covered area between the Hercules and Cliffs targets.

In April 2021, Elevation announced the results of a recently completed airborne geophysical survey at Hercules. The results of the airborne geophysical survey highlight the presence of an extensive, volcanic center-related hydrothermal system on the Hercules property. The geophysical survey data support our geological model of a collapsed caldera in which curviplanar concentric structures are considered to have controlled epithermal mineralization. The recognition of an apparent deep-seated radial structure that may have controlled hydrothermal fluids in the volcanic center is a key finding supporting additional exploration at Hercules. Resistivity and radiometric potassium anomalies along concentric structures to the south of this feature attest to the district-scale exploration potential at Hercules. At least 45 new targets for follow-up exploration were identified by the airborne geophysical program.

Throughout the year ended 2021, Elevation continued its surface exploration program at Hercules, including detailed surface mapping, collecting structural data, surface rock chip sampling, surface phytogeochemical (plant) sampling, review, and interpretation. Details of the Company's recent surface exploration program were announced in Elevation's press release dated September 7, 2021, including a rock sample from the eastern parts of Hercules returning 72.40 g/t gold and 2,690 g/t silver. See the press release for full details on the most recent results.

While the Company continues to review the geophysical targets in conjunction with its recent surface mapping, surface sampling, and drilling data to establish future target prioritization and future drill programs on the Hercules property, no significant exploration work is being planned in 2022, as the Company will focus exploration programs at the Moss Mine.

## LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2021, the Company had cash and cash equivalents of $1.1 million (December 31, 2020: $8.3 million and June 30, 2020: $6.8 million). The decrease in cash compared to the year ended December 31, 2020 was primarily due to capital expenditure including the construction of a new heap leach pad and exploration drilling, partially offset by the acquisition of Eclipse Gold Mining Corp. which provided $13.1 million in cash reserves.

During the year ended December 31, 2021, working capital increased by $1.3 million to $12.3 million. The increase in working capital was primarily due to the acquisition of Eclipse, as well as decreases to non-cash derivative liabilities and a build-up of metal inventory. Working capital, excluding derivatives which are non-cash liabilities, is $16.4 million.

The Company is in compliance with externally imposed debt covenants relating to its debt facilities and lease obligations as at December 31, 2021.

Subsequent to year end the Company completed an equity financing as outlined in section *Subsequent Events*.

### Cash Flows

Cash used in operating activities during the YE 2021 was $0.6 million. Cash provided by operating activities for the six months ended December 31, 2020 and year ended June 30, 2020 were $13.7 million and $10.1 million respectively. The reduction compared to the comparative periods is due to reduced production/revenue as a result of lower grade material from the West Pit at the Moss Mine and the transition from heap leach pad 2B to pad 3A.

Cash provided by financing activities during the YE 2021 was $2.1 million (December 31, 2020: cash used of $3.9 million and June 30, 2020: cash used of $1.1 million) which consisted of debt and lease repayments totalling $12.3 million. These payments were largely offset by a drawdown of a short-term facility of $14.3 million and proceeds from stock option and warrant exercises of $0.5 million.

Cash used in investing activities during the YE 2021 was $8.7 million (December 31 2020: $8.2 million and June 30, 2020: $5.8 million) which included $13.1 million of cash acquired as a result of the Eclipse Gold purchase, offset by $21.4 million of capital expenditures largely tied to construction of a new heap leach pad and exploration drilling.

### Previous Financing

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 $20.0 million be raised by Eclipse in a concurrent financing of subscription receipts (the "Eclipse Financing").

On December 10, 2020, Maverix Metals Inc. ("Maverix") exercised 3,251,840 common share purchase warrants of the Company to acquire 3,251,840 common shares for gross proceeds to the Company of CAD $7.8 million. As part of the Transaction, Maverix sold those common shares to Eclipse for a total purchase price of CAD $9.8 million, which amount was funded from the proceeds of the Eclipse Financing.

The management information circular of Eclipse dated December 30, 2020 prepared in respect of the acquisition contained the following table setting out the intended use of the proceeds from the Eclipse Financing and other funds available:

| **Use of Proceeds** *(in thousands)* | **Assumed CAD $20.0 million raised in the Eclipse Financing** |
|---|---|
| | CAD $22,649 (proceeds available) |
| Exploration and development at the Moss Mine Project | CAD $6,500 |
| Exploration and development at the Hercules Project | CAD $5,200 |
| Financial advisory fee (1) | CAD $788 |
| Change of control or severance payments | CAD $617 |
| Estimated expenses for the Transaction and the Eclipse Financing | CAD $400 |
| General corporate purposes | CAD $9,144 |
| **Total** | **CAD $22,649** |

1) On the closing of the Transaction, the Company agreed to pay Raymond James Ltd. a cash fee of CAD $0.8 million, plus applicable taxes and reasonable out-of-pocket expenses pursuant to an agreement wherein Raymond James Ltd. agreed to act as exclusive financial advisor to the Company in connection with the Transaction.

Eclipse completed the Eclipse Financing in January 2021 raising gross proceeds of CAD $22.6 million. The table below shows the actual breakdown of the use of proceeds received from the Eclipse Financing and other funds available.

| **Description** | **Approximate Amount** *(in thousands of dollars)* |
|---|---|
| Available funds, including the Eclipse Financing (1) | CAD $24,113 |
| **Use of Proceeds** | |
| Exploration and development at the Moss Mine Project | CAD $7,510 |
| Exploration and development at the Hercules Project | CAD $2,563 |
| Change of control or severance payments | CAD $617 |
| General corporate purposes (2) | CAD $13,423 |
| **Balance available to the Company** | **CAD $ -** |

1) Reflects cash commission of approximately CAD $7.0 million and expenses of approximately $1.1 million in respect of the Eclipse Financing, expenses for the transaction of approximately $0.4 million and the financial advisory fee of $0.8 million paid to Raymond James Ltd.

2) The significant majority of the funds allocated for general corporate purposes were utilized for the construction of the Company's Pad 3A.

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.

## SUBSEQUENT EVENTS

### Closing of Marketed Public Offering ("Offering")

On March 24, 2022, the Company completed an Offering, whereby a total of 43,301,000 units of the Company were issued at a price of CAD $0.53 per unit for aggregate gross proceeds of CAD $22.9 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.

Concurrently, with the closing of the Offering, the Company issued an aggregate of 5,592,890 additional units ("Debt Settlement Units") in settlement of certain short-term debts. The issuance of these Debt Settlement Units resulted in the elimination of CAD $3.0 million of principal and interest outstanding at December 31, 2021, CAD $0.5 million of which was owed to a director of the Company.

As consideration with services performed in connection with the Offering, certain agents received a cash commission equal to 6% of the gross proceeds of the Offering (other than from the issue and sale of units to certain purchase on a president's list – for which a 3% fee was paid in units), and common share purchase warrants equal to 6% of the number of units issued in the offering (reduced to 3% for the president's list), with each agent warrant being exercisable to acquire one common share of the Company at an exercise price of CAD $0.53 until March 24, 2024. Additionally, in consideration for their services in connection with the debt settlement transaction, the agents were issued additional units equal to 3% of the number of Debt Settlement Units, and additional agent warrants also equal to 3% of the number of Debt Settlement Units.

The Company intends to use the net proceeds of Offering to further advance its Moss Mine project and for general working capital purposes beginning in Q2 2022.

### Short Term Loan Repayment

In April 2022, the Company repaid the remaining balance of the short-term loan originally entered into on November 23, 2021 that was not converted into the Company's Offering discussed immediately above. The Company paid a total of CAD $2.7 million in principal and interest to repay the short-term loans left outstanding following the completion of the Offering.

### Prepaid Gold Facility

The Company entered into a prepaid gold facility, in which for consideration of $6.0 million, the Company has agreed to sell and deliver a specified amount of refined gold, with deliveries of such amounts and an additional $1.0 million 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.

## SUMMARY OF QUARTERLY RESULTS

| | Three Months Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of dollars, except per share amounts)* | Dec. 31, 2021 | Sept. 30, 2021 | Jun. 30, 2021 | Mar. 31, 2021 | Dec. 31, 2020 | Sept. 30, 2020 | Jun. 30, 2020 | Mar. 31, 2020 |
| Revenue | $ 13,759 | $ 12,095 | $ 16,590 | $ 16,402 | $ 25,910 | $ 26,829 | $ 18,070 | $ 13,088 |
| Operating income from mine operations before depreciation and depletion | (1,497) | 2,910 | 5,028 | 5,297 | 11,807 | 11,955 | 7,285 | 5,214 |
| Income (loss) for the period | 874 | 3,535 | 741 | (1,575) | 11,675 | (18,783) | 3,944 | 7,511 |
| Basic Income (loss) per share | $ 0.01 | $ 0.06 | $ 0.01 | $ (0.03) | $ 0.30 | $ (0.45) | $ 0.12 | $ 0.18 |

The profit of $0.9 million for the three months ended December 31, 2021 was driven by a loss from mine operations before depreciation and depletion of $1.5 million, depreciation and depletion of $2.6 million and finance costs of $1.7 million, but bolstered by a gain of revaluation of derivative liabilities of $7.9 million. The reduction in profit against the prior quarter is mostly driven by a smaller gain on derivatives during the current quarter and a write-down of heap leach inventory of $5.7 million.

The profit of $3.5 million for the three months ended September 30, 2021 was driven by earnings from mine operations before depreciation and depletion of $2.9 million, partially offset by depreciation and depletion of $1.7 million and finance costs of $0.8 million, but bolstered by a gain of revaluation of derivative liabilities of $4.0 million.

The profit of $0.8 million for the three months ended June 30, 2021 was driven by strong earnings from mine operations before depreciation and depletion of $5.0 million, partially offset by depreciation and depletion of $2.3 million and finance costs of $1.6 million, of which $1.5 million are non-cash finance expenses.

The loss of $1.6 million for the three months ended March 31, 2021 was driven by a $1.6 million non-cash loss on derivative liabilities, despite strong earnings from mine operations before depreciation and depletion of $5.3 million for the quarter, which were partially offset by finance costs of $1.6 million, of which $1.1 million were non-cash finance costs.

The profit of $11.7 million for the three months ended December 31, 2020, was driven by strong earnings from mine operations before depreciation and depletion of $11.8 million. These positive results were ground down by non-cash derivative liability revaluation of $16.3 million and finance costs of $6.7 million.
The loss of $18.8 million for the three months ended September 30, 2020 was driven by non-cash derivative liability revaluations of $26.3 million, offset by strong earnings from mine operations before depreciation and depletion of $12.0 million, which included increased gold production and strengthening gold prices.

## CONTRACTUAL OBLIGATIONS

At December 31, 2021, the Company had the following contractual obligations outstanding:

| *(in thousands of dollars)* | Within 1 year | 2–3 years | 4-5 years | 5+ years | Total |
|---|---|---|---|---|---|
| Debt [1] | $ 4,922 | $ 1,014 | $ 4,157 | $ 2,071 | $ **12,164** |
| Trade and other payables | 10,677 | - | - | - | **10,677** |
| Lease commitments [2] | 450 | 482 | 9 | - | **941** |
| Silver stream | 2,271 | 3,683 | 2,384 | - | **8,338** |
| Provision for reclamation [3] | - | - | - | 2,982 | **2,982** |
| | **$ 18,320** | **$ 5,179** | **$ 6,550** | **$ 5,053** | **$ 35,102** |

(1) Includes interest due on convertible debenture and debt.

(2) Includes lease obligation and operating lease commitments.

(3) 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 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.

The Company's silver stream agreement, as discussed in Note 11 of the consolidated financial statements for the year ended December 31, 2021 is held by Maverix Metals Inc., a company with a director in common with Elevation.

Related party balances as at the period ending dates noted below are as follows:

| *(in thousands of dollars)* | **Dec. 31, 2021** | Dec. 31, 2020 | Jun. 30, 2020 |
|---|---|---|---|
| Shared office expenses receivable | **$ -** | $ 11 | $ 8 |
| Short term loan payable | **394** | - | - |
| Consulting fees payable | **$ -** | $ - | $ 7 |

Related party transactions are as follows:

| *(in thousands of dollars)* | Note | **Year Ended Dec. 31, 2021** | Six Months Ended Dec. 31, 2020 | Year Ended Jun. 30, 2020 |
|---|---|---|---|---|
| Consulting fees | (i) | $ 17 | **$** 48 | $ 89 |
| Shared office recovery | (ii) | $ (28) | **$** (23) | $ (24) |

(i) Consulting fees charged by companies controlled by certain former directors of the Company are included in employee compensation and benefits expense, mineral properties, plant and equipment, and financing costs netted against debt.

(ii) Shared office expenses charged to and from a company with former directors in common are included in marketing and travel, and other general expenses.

### Debt With a Significant Shareholder

On December 1, 2020, the Company repaid a convertible debenture totalling $8.5 million to a significant shareholder. Transactions with the significant shareholder are as follows:

| *(in thousands of dollars)* | **Year Ended Dec. 31, 2021** | Six Months Ended Dec. 31, 2020 | Year Ended Jun. 30, 2020 |
|---|---|---|---|
| Principal repayments | **$ -** | $ 8,500 | $ 500 |
| Conversion rights waiver | **-** | 2,000 | - |
| Interest expense | **$ -** | $ 426 | $ 1,329 |

### Key Management Personnel Compensation

The remuneration of the Company's directors and other key management personnel for the year ended December 31, 2021, six months ended December 31, 2020 and year ended June 30, 2020 is as follows:

| *(in thousands of dollars)* | **Year Ended Dec. 31, 2021** | Six Months Ended Dec. 31, 2020 | Year Ended Jun. 30, 2020 |
|---|---|---|---|
| Salaries and short-term benefits | **$ 1,798** | $ 1,112 | $ 786 |
| Director fees | **129** | 141 | 127 |
| Share-based payments | **$ 481** | $ 311 | $ 769 |

## 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

The Company adopted Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 (the "Phase 2 Amendments") effective on January 1, 2021. Interest rate benchmark reform ("Reform") refers to a global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates with alternative benchmark rates. The Phase 2 Amendments provide a practical expedient requiring the effective interest rate to be adjusted when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities that relate directly to the Reform rather than applying modification accounting which might have resulted in a gain or loss. In addition, the Phase 2 Amendments require disclosures to assist users in understanding the effect of the Reform on the Company's financial instruments and risk management strategy. The Company' Master Lease Agreement is indexed to London interbank offered rates that have not yet transitioned to alternative benchmark rates at the end of the current reporting period. The Company has determined the adoption of the accounting policy did not have a significant impact on reporting and disclosure.

## 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 December 31, 2021.

## OUTSTANDING SHARE DATA

The total number of outstanding common shares, stock options, and warrants is as follows [(1)]:

| As at: | Apr. 29, 2022 | Dec. 31, 2021 | Dec. 31, 2020 | Jun. 30, 2020 |
|---|---|---|---|---|
| Common shares | 110,391,281 | 60,863,627 | 45,185,895 | 41,885,171 |
| Stock options | 3,502,196 | 3,848,028 | 2,233,305 | 2,204,139 |
| Restricted Share Units | 33,305 | 48,443 | - | - |
| Warrants | 63,236,714 | 11,409,190 | 8,106,241 | 15,562,842 |

1) Reflects the consolidation of the issued and outstanding common shares on the basis of one post-consolidation Common share for every six pre-consolidation Common Shares.

Subsequent to the year ended December 31, 2021, the Company issued a total of 181,667 common shares to Iconic Minerals Ltd in compliance with the terms of the option agreement related to the Hercules Project.

In addition, subsequent to year end, the Company issued a total of 49,345,987 common shares and 51,827,524 share purchase warrants (inclusive of 2,481,537 broker warrants) in connection with the closing of the Company's marketed public offering discussed in the section titled *Subsequent Events*.

## 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 Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value in the fair value hierarchy.

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3: Inputs that are not based on observable market data. The Company has no financial instruments classified in Level 3.

The Company's risk management policies are established to identify and analyze 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 condensed interim 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 reclamation deposits. The Company considers the risk of loss relating to cash and reclamation deposits 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. Accounts receivable at December 31, 2021 related primarily to goods and services tax which is 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. A summary of contractual maturities of financial liabilities is included in Note 25 of the Company's Consolidated Financial Statements for the year ended December 31, 2021.

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.

### 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 USD in relation to CAD 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. 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 date would increase annual interest expense by $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. All dollar amounts are expressed in thousands of USD, with the exception of amounts expressed as USD per ounce.

### 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 as a result 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.

| *(in thousands of dollars, except per ounce figures)* | **Three Months Ended Dec. 31, 2021** | **Three Months Ended Dec. 31, 2020** | **Year Ended Dec. 31, 2021** | **Six Months Ended Dec. 31, 2020** | **Year Ended June 30, 2020** |
|---|---|---|---|---|---|
| Gold ounces sold | 6,795 | 11,760 | 29,175 | 24,584 | 33,222 |
| Cost of sales | $ 17,834 | $ 17,214 | $ 55,861 | $ 35,821 | $ 49,051 |
| Less: Silver recovery adjustment [1] | (4,921) | - | (4,921) | - | - |
| Less: Depreciation and depletion | (2,577) | (3,109) | (8,754) | (6,844) | (10,718) |
| Add: Refining and transportation | 50 | 37 | 262 | 240 | 274 |
| Less: Silver revenue | (1,551) | (3,627) | (6,708) | (6,466) | (5,315) |
| **Total Cash Costs** | 8,835 | 10,515 | 35,740 | 22,751 | 33,292 |
| Sustaining capital expenditures | 1,767 | 2,231 | 17,326 | 6,767 | 3,349 |
| Accretion | 38 | 46 | 233 | 162 | 351 |
| Corporate administration | 1,115 | 1,322 | 4,963 | 2,115 | 2,501 |
| **Total AISC** | 11,755 | 14,114 | 58,262 | 31,795 | 39,493 |
| **Cash Costs per ounce of gold sold** | $ 1,300 | $ 894 | $ 1,225 | $ 925 | $ 1,002 |
| **AISC per ounce of gold sold** | $ 1,730 | $ 1,200 | $ 1,997 | $ 1,293 | $ 1,189 |

(1) During the quarter ended December 31, 2021, the Company revised it's estimate of recoverable silver ounces in heap leach ore in inventory. Accordingly, heap leach ore inventory was written down by $4.9 million and included in production costs. The Company has reversed this adjustment for the purposes of calculating Cash Costs and AISC per ounce.

AISC for the three months and year ended December 31, 2021 are higher than the comparative periods due to significant investment in capital projects during the period, including $10.9 million on the construction of a new heap leach pad. Capital projects contributed $260 per ounce to AISC during the quarter and $594 per ounce for the year ended December 31, 2021.

### Average Realized Price of Gold and Average Realized Cash Margin per Gold Ounce Sold

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

Average realized price is calculated as revenue per the Consolidated Statements of Income (loss) and Comprehensive Income (loss) in the Company's December 31, 2021 Consolidated Financial Statements with adjustments as noted below, less silver revenue divided by gold ounces sold. Average realized cash margin represents the average realized price per gold ounce sold less total cash costs per ounce sold.

| *(in thousands of dollars, except per ounce figures)* | **Three Months Ended** | | **Year Ended** | **Six Months Ended** | **Year Ended** |
|---|---|---|---|---|---|
| | **Dec. 31, 2021** | **Dec. 31, 2020** | **Dec. 31, 2021** | **Dec. 31, 2020** | **June 30, 2020** |
| Gross Revenue | $ 12,258 | $ 22,319 | $ 52,399 | $ 46,513 | $ 51,920 |
| Gold ounces sold | 6,795 | 11,760 | 29,175 | 24,584 | 33,222 |
| **Average realized price per ounce sold** | **$ 1,804** | **$ 1,898** | **$ 1,796** | **$ 1,892** | **$ 1,563** |
| Less: cash cost per ounce sold | (1,300) | (894) | (1,225) | (925) | (1,002) |
| **Average realized margin per gold ounce sold** | $ 504 | $ 1,004 | $ 571 | $ 967 | $ 561 |

## 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.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

In compliance with the Canadian Securities Administrators' Regulation, the Company has filed certificates signed by the Chief Executive Officer ("CEO") 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 CEO 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 year ended December 31, 2021 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.Geo, Vice President Exploration of Elevation Gold. He is a Qualified Person as defined by NI 43-101 responsible for the Moss Regional Exploration Project and Hercules Project Exploration and he has reviewed and approved the scientific and technical information in this MD&A related thereto.

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 by Tim J. Swendseid, Chief Operating Officer of the Company and a Qualified Person for the purpose of National Instrument 43-101.