



# **ELEMENT 29**

RESOURCES

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Unaudited - Expressed in Canadian dollars)**

**Three and six month periods ended June 30, 2025**

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

### **CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTING**

The accompanying condensed consolidated interim financial statements of Element 29 Resources Inc. (the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Management acknowledges responsibility for the preparation and presentation of the condensed consolidated interim financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by a company's auditor

## Element 29 Resources Inc.

### Condensed Consolidated Interim Statements of Financial Position

As at June 30, 2025 and December 31, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

|   | Note | June 30, 2025 | December 31, 2024 |
|---|------|---------------|-------------------|
| <b>Assets</b>                                     |      |               |                   |
| <b>Current assets</b>                             |      |               |                   |
| Cash and cash equivalents                         |      | \$ 302,391    | \$ 1,189,987      |
| Receivables                                       |      | 49,070        | 31,829            |
| Prepaid expenses                                  |      | 144,485       | 87,674            |
| Deposit   |      | 5,519         | 25,485            |
|   |      | 501,465       | 1,334,975         |
| <b>Non-current assets</b>                         |      |               |                   |
| Property and equipment                            |      | 119,096       | 55,115            |
| Exploration and evaluation assets                 | 3    | 13,046,232    | 11,909,195        |
|   |      | 13,165,328    | 11,964,310        |
| <b>Total assets</b>                               |      | \$ 13,666,793 | \$ 13,299,285     |
| <b>Liabilities</b>                                |      |               |                   |
| <b>Current liabilities</b>                        |      |               |                   |
| Accounts payable and accrued liabilities          |      | \$ 319,291    | \$ 445,781        |
| Current portion of lease liability                | 4    | 29,938        | 13,607            |
|   |      | 349,229       | 459,388           |
| <b>Non-current liabilities</b>                    |      |               |                   |
| Lease liability                                   | 4    | 60,785        | -                 |
| <b>Total liabilities</b>                          |      | 410,014       | 459,388           |
| <b>Shareholders' equity</b>                       |      |               |                   |
| Share capital                                     | 5    | 30,934,624    | 29,760,249        |
| Reserves  | 5    | 4,274,128     | 3,591,330         |
| Deficit   |      | (21,951,973)  | (20,511,682)      |
| <b>Total shareholders' equity</b>                 |      | 13,256,779    | 12,839,897        |
| <b>Total liabilities and shareholders' equity</b> |      | \$ 13,666,793 | \$ 13,299,285     |

Nature of operations and going concern (Note 1)

Subsequent events (Note 10)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

## Element 29 Resources Inc.

### Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2025 and 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

|   |      | Three months ended June 30 |                     | Six months ended June 30 |                     |
|---|------|----------------------------|---------------------|--------------------------|---------------------|
|   | Note | 2025                       | 2024                | 2025                     | 2024                |
| <b>General and administrative expenses</b>                  |      |                            |                     |                          |                     |
| Administration and office                                   |      | \$ 10,462                  | \$ 8,367            | \$ 21,145                | \$ 22,383           |
| Investor relations  |      | 172,352                    | 55,149              | 325,192                  | 92,643              |
| Corporate development initiatives                           |      | 28,020                     | 33,578              | 62,454                   | 58,868              |
| Personnel costs   | 6    | 118,635                    | 102,333             | 234,580                  | 269,776             |
| Professional fees   |      | 80,360                     | 18,290              | 83,900                   | 79,646              |
| Filing fees   |      | 27,901                     | 20,268              | 47,948                   | 30,167              |
| Foreign exchange loss / (gain)                              |      | 56,389                     | (3,052)             | (116,587)                | (22,660)            |
| Share-based compensation                                    | 5,6  | 231,272                    | -                   | 763,423                  | 8,335               |
| Depreciation  |      | 14,819                     | 29,327              | 34,855                   | 36,798              |
| Other   |      | 4,841                      | 1,924               | 9,906                    | 4,161               |
| <b>Operating loss</b>                                       |      | <b>745,051</b>             | <b>266,184</b>      | <b>1,466,816</b>         | <b>580,117</b>      |
| Interest income   |      | (26,510)                   | (3,160)             | (26,525)                 | (10,754)            |
| Impairment charge   | 3    | -                          | 5,134,671           | -                        | 5,134,671           |
| <b>Loss and comprehensive loss</b>                          |      | <b>\$ 718,541</b>          | <b>\$ 5,397,695</b> | <b>\$ 1,440,291</b>      | <b>\$ 5,704,034</b> |
| <b>Loss per common share</b>                                |      |                            |                     |                          |                     |
| Basic and fully diluted                                     |      | \$ (0.01)                  | \$ (0.05)           | \$ (0.01)                | \$ (0.05)           |
| <b>Weighted average number of common shares outstanding</b> |      | <b>124,386,528</b>         | <b>106,511,113</b>  | <b>124,184,537</b>       | <b>106,511,113</b>  |
| <b>Total common shares issued and outstanding</b>           | 5    | <b>125,245,099</b>         | <b>106,723,613</b>  | <b>125,245,099</b>       | <b>106,723,613</b>  |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

## Element 29 Resources Inc.

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2025 and 2024 (unaudited)

(expressed in Canadian dollars, except where indicated)

|   | Note | Number of<br>Shares | Share<br>capital     | Reserves            | Deficit                | Total                |
|---|------|---------------------|----------------------|---------------------|------------------------|----------------------|
| <b>Balance at December 31, 2024</b>           |      | 121,407,598         | \$ 29,760,249        | \$ 3,591,330        | \$ (20,511,682)        | \$ 12,839,897        |
| Issuance of share capital – warrant exercises | 5    | <b>3,837,501</b>    | <b>1,174,375</b>     | <b>(80,625)</b>     | -                      | <b>1,093,750</b>     |
| Loss and comprehensive loss                   |      | -                   | -                    | -                   | <b>(1,440,291)</b>     | <b>(1,440,291)</b>   |
| Share-based compensation                      | 5    | -                   | -                    | <b>763,423</b>      | -                      | <b>763,423</b>       |
| <b>Balance at June 30, 2025</b>               |      | <b>125,245,099</b>  | <b>\$ 30,934,624</b> | <b>\$ 4,274,128</b> | <b>\$ (21,951,973)</b> | <b>\$ 13,256,779</b> |

|  | Note | Number of<br>Shares | Share<br>capital     | Reserves            | Deficit                | Total                |
|--|------|---------------------|----------------------|---------------------|------------------------|----------------------|
| <b>Balance at December 31, 2023</b>                |      | 106,248,613         | \$ 25,838,219        | \$ 3,274,351        | \$ (13,362,177)        | \$ 15,750,393        |
| Issuance of share capital – restricted share units |      | <b>175,000</b>      | <b>99,750</b>        | <b>(99,750)</b>     | -                      | -                    |
| Issuance of share capital – deferred share units   |      | <b>200,000</b>      | -                    | -                   | -                      | -                    |
| Issuance of share capital – warrants               |      | <b>100,000</b>      | <b>25,000</b>        | -                   | -                      | <b>25,000</b>        |
| Loss and comprehensive loss                        |      | -                   | -                    | -                   | <b>(5,704,034)</b>     | <b>(5,704,034)</b>   |
| Share-based compensation                           |      | -                   | -                    | <b>8,335</b>        | -                      | <b>8,335</b>         |
| <b>Balance at June 30, 2024</b>                    |      | <b>106,723,613</b>  | <b>\$ 25,962,969</b> | <b>\$ 3,182,936</b> | <b>\$ (19,066,211)</b> | <b>\$ 10,079,694</b> |

The accompanying notes are an integral part of these condensed consolidated interim financial statements

## Element 29 Resources Inc.

### Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2025 and 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

|   | Note | 2025              | 2024               |
|---|------|-------------------|--------------------|
| <b>Cash flows used in operating activities</b>                    |      |                   |                    |
| Loss and comprehensive loss                                       |      | \$ (1,440,291)    | \$ (5,704,034)     |
| Items not affecting cash:   |      |                   |                    |
| Share-based compensation  | 5    | 763,423           | 8,335              |
| Unrealized foreign exchange loss / (gain)                         |      | 7,180             | (27,894)           |
| Depreciation  |      | 34,855            | 36,798             |
| Interest expense on lease liability                               | 4    | 1,092             | 1,889              |
| Impairment charge   | 3    | -                 | 5,134,671          |
|   |      | (633,741)         | (550,235)          |
| Changes in non-cash operating working capital:                    |      |                   |                    |
| (Increase) / decrease in receivables and prepaid expenses         |      | (74,051)          | 33,775             |
| Increase / (decrease) in accounts payable and accrued liabilities |      | 218,495           | (39,586)           |
| Decrease in deposits  |      | 19,966            | -                  |
|   |      | (469,331)         | (556,046)          |
| <b>Cash flows used in investing activities</b>                    |      |                   |                    |
| Payment for exploration and evaluation assets                     | 3    | (1,493,289)       | (565,954)          |
| Purchase of equipment   |      | (4,777)           | -                  |
|   |      | (1,498,066)       | (565,954)          |
| <b>Cash flows from financing activities</b>                       |      |                   |                    |
| Lease payments  | 4    | (13,949)          | (16,436)           |
| Proceeds from issuance of common shares – warrants                | 5    | 1,093,750         | 25,000             |
|   |      | 1,079,801         | 8,564              |
| <b>Decrease in cash</b>   |      | <b>(887,596)</b>  | <b>(1,113,436)</b> |
| <b>Cash - beginning of period</b>                                 |      | <b>1,189,987</b>  | <b>1,228,429</b>   |
| <b>Cash - end of period</b>                                       |      | <b>\$ 302,391</b> | <b>\$ 114,993</b>  |

#### Supplemental cash flow information (Note 8)

The accompanying notes are an integral part of these condensed consolidated interim financial statements

# **Element 29 Resources Inc.**

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

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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### **1 Nature of operations and going concern**

#### **Nature of operations**

Element 29 Resources Inc., together with its subsidiaries (collectively referred to as the “Company” or “E29”), is focused on the exploration of mineral property interests in Peru.

The Company was incorporated on August 30, 2017 in British Columbia. The Company’s registered office is at 1900-1040 West Georgia Street, Vancouver, BC, V6E 4H3, Canada. The Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) on December 7, 2020 under the symbol “ECU” and on the Over-the-Counter OTCQB Venture Market (“OTCQB”) under the symbol “EMTRF”. On November 16, 2022, the Company commenced trading on the Bolsa de Valores de Lima Exchange (“BVL”) under the symbol “ECU”.

All amounts are expressed in Canadian dollars, except for certain amounts denoted in United States dollars (“US\$”).

The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

#### **Going concern**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated revenues from its operations to date. As at June 30, 2025, the Company has accumulated net losses of \$21,951,973 since inception and has working capital of \$152,236. The operations of the Company have primarily been funded by the issuance of common shares. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

If the going concern assumption was not appropriate for these condensed consolidated interim financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

### **2 Basis of presentation**

#### **Basis of presentation**

The Company prepares its condensed consolidated interim financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), under International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Reporting Interpretations Committee (“IFRIC”). These should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2024 (“annual financial statements”). The accounting policies and critical estimates and judgements applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements, unless otherwise stated.

These condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value or amortized cost.

The Board of Directors of the Company approved these condensed consolidated interim financial statements and authorized them for issue on August 28, 2025.

# **Element 29 Resources Inc.**

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

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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### **Basis of consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries:

- Candelaria Resources S.A.C. (“Candelaria”)
- Elida Resources S.A.C. (“Elida”)
- Pahuay Resources S.A.C. (“Pahuay”)

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from the Company’s involvement with the entity and has the ability to affect those returns through the Company’s power over the entity.

## **3 Exploration and evaluation assets**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristics of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to the mineral property assets remains in good standing.

### **Flor de Cobre copper project**

The Company owns a 100% interest of the Flor de Cobre copper project in Peru, with the exception of certain claims (“Candelaria claims”), where it had an option to earn 100% interest. The Flor de Cobre copper project is subject to a 2% NSR to Globetrotters. The property is located in Peru.

### **Elida copper project**

The Company owns 100% of the Elida copper project in Peru, subject to a 2% NSR to Globetrotters.

### **Pahuay copper skarn project**

The Company owns 100% interest of the Pahuay copper skarn project, subject to a 2% NSR to Globetrotters. The property is located in Peru.

### **Paka copper skarn project**

The Company owns 100% interest of the Paka copper skarn porphyry project, subject to a 2% NSR to Globetrotters. The project is located in Peru.

### **Impairment of Non-Current Assets**

During the year ended December 31, 2024, the Company allowed the option payments relating to the Flor de Cobre copper project to lapse and re-evaluated the carrying value of the Flor de Cobre project and, as a result of this review, recorded an impairment charge of \$5,134,671.



## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

Expenditures for the six months ended June 30, 2025 were as follows:

|   | Flor de Cobre    | Elida                | Pahuay and Paka   | Total                |
|---|------------------|----------------------|-------------------|----------------------|
| <b>Balance at December 31, 2024</b>       | <b>\$ 1</b>      | <b>\$ 11,909,193</b> | <b>\$ 1</b>       | <b>\$ 11,909,195</b> |
| Additions:                                |                  |                      |                   |                      |
| Drilling                                  | -                | 124                  | 8,617             | 8,741                |
| Geological and mapping                    | 8,481            | 32,715               | 22,432            | 63,628               |
| Geophysics and geochemistry               | -                | 312,224              | 3,357             | 315,581              |
| Permitting, concessions and taxes         | 4,106            | 122,104              | 69,173            | 195,383              |
| Community, health, safety and environment | -                | 88,932               | 6,160             | 95,092               |
| Geology salaries                          | 185              | 60,811               | 1,025             | 62,021               |
| Property maintenance and administration   | 22,474           | 373,181              | 936               | 396,591              |
| Total additions for the period            | 35,246           | 990,091              | 111,700           | 1,137,037            |
| <b>Balance at June 30, 2025</b>           | <b>\$ 35,247</b> | <b>\$ 12,899,284</b> | <b>\$ 111,701</b> | <b>\$ 13,046,232</b> |

Expenditures for the year ended December 31, 2024 were as follows:

|   | Flor de Cobre       | Elida                | Pahuay and Paka | Total                |
|---|---------------------|----------------------|-----------------|----------------------|
| <b>Balance at December 31, 2023</b>       | <b>\$ 5,134,672</b> | <b>\$ 9,220,212</b>  | <b>\$ 1</b>     | <b>\$ 14,354,885</b> |
| Additions:                                |                     |                      |                 |                      |
| Drilling                                  | -                   | 893,371              | -               | 893,371              |
| Geological and mapping                    | -                   | 168,285              | -               | 168,285              |
| Geophysics and geochemistry               | -                   | 43,679               | -               | 43,679               |
| Permitting, concessions and taxes         | -                   | 338,202              | -               | 338,202              |
| Community, health, safety and environment | -                   | 225,165              | -               | 225,165              |
| Geology salaries                          | -                   | 128,861              | -               | 128,861              |
| Property maintenance and administration   | -                   | 891,418              | -               | 891,418              |
| Total additions for the year              | -                   | 2,688,981            | -               | 2,688,981            |
| Impairment charge                         | (5,134,671)         | -                    | -               | (5,134,671)          |
| <b>Balance at December 31, 2024</b>       | <b>\$ 1</b>         | <b>\$ 11,909,193</b> | <b>\$ 1</b>     | <b>\$ 11,909,195</b> |

## 4 Lease liability

Lease liability

|                       | June 30, 2025 | December 31, 2024 |
|-----------------------|---------------|-------------------|
| Lease liability       | \$ 90,723     | \$ 13,607         |
| Less: current portion | (29,938)      | (13,607)          |
| Long-term portion     | \$ 60,785     | \$ -              |

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

#### Undiscounted lease payments

|                    | June 30, 2025 | December 31, 2024 |
|--------------------|---------------|-------------------|
| Less than one year | \$ 34,620     | \$ 13,949         |
| One to five years  | 67,082        | -                 |
|                    | \$ 101,702    | \$ 13,949         |

The Company's leased asset is the right to use an office space in Vancouver. The lease liability is discounted at the Company's incremental borrowing rate of 10%. Interest expense on the lease liability amounted to \$1,092 for the six months ended June 30, 2025 (2024 – \$1,889). During the six months ended June 30, 2025, lease payments made amounted to \$16,834 (2024 – \$16,436).

## 5 Share capital and reserves

### a) Common shares

The Company's authorized share capital consists of unlimited common shares without par value. At June 30, 2025, the Company had 125,245,099 (December 31, 2024 – 121,407,598) shares issued and outstanding and nil common shares held in escrow.

### b) Issued share capital

The Company's share capital transaction for the year ended December 31, 2024 is as follows:

- On August 29, 2024, the Company closed a non-brokered private placement consisting of 13,058,985 units at a price of \$0.25 per unit which raised gross proceeds of \$3,264,746. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.50 per share for a period of three years from the closing date. The Company paid an aggregate finder's fees totaling \$92,768. The warrants are also subject to accelerated expiration upon the occurrence of certain events.

### c) Share options

The Company provides share-based compensation to its directors, officers, employees, and consultants through grants of share options.

The Company has adopted a stock option plan (the "Plan"), as amended, to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding shares of the Company. Vesting is determined at the discretion of the Board of Directors.

Under the Plan, an option holder may elect to terminate an option, in whole or in part and, in lieu of receiving shares to which the terminated option relates (the "Designated Shares"), receive the number of shares, disregarding fractions, which, when multiplied by the weighted average trading price of the shares on the TSX during the five trading days immediately preceding the day of termination (the "Fair Value" per share) of the Designated Shares, has a total dollar value equal to the number of Designated Shares multiplied by the difference between the Fair Value and the exercise price per share of the Designated Shares.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted.

The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the share options. Since the Company has not paid and does not anticipate paying dividends on its common shares, the expected dividend yield is assumed to be zero. Companies are required to utilize an estimated forfeiture rate when calculating the

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

share-based compensation expense for the reporting period. Based on the best estimate, management applied the estimated forfeiture rate of nil in determining the share-based compensation expense recorded in profit or loss.

Share option transactions are summarized as follows:

|  | Number of share options | Weighted average exercise price \$ |
|--|-------------------------|------------------------------------|
| <b>Outstanding – December 31, 2023</b> | 5,985,000               | 0.48                               |
| Granted                                | 5,350,000               | 0.26                               |
| Cancelled                              | (3,065,000)             | 0.48                               |
| <b>Outstanding – December 31, 2024</b> | 8,270,000               | 0.34                               |
| Granted                                | <b>2,770,000</b>        | <b>0.49</b>                        |
| Expired / forfeited                    | <b>(500,000)</b>        | <b>0.30</b>                        |
| <b>Outstanding – June 30, 2025</b>     | <b>10,540,000</b>       | <b>0.38</b>                        |

At June 30, 2025, the following share options were outstanding:

| Number of share options | Number of share options vested | Exercise price per share option \$ | Expiry date        |
|-------------------------|--------------------------------|------------------------------------|--------------------|
| 350,000                 | 350,000                        | 0.30                               | June 25, 2025      |
| 150,000                 | 150,000                        | 0.50                               | November 9, 2025   |
| 1,100,000               | 1,100,000                      | 0.45                               | February 3, 2026   |
| 1,170,000               | 1,170,000                      | 0.57                               | March 1, 2027      |
| 4,900,000               | 2,450,000                      | 0.255                              | September 24, 2029 |
| 100,000                 | 50,000                         | 0.255                              | October 1, 2029    |
| 2,370,000               | 1,185,000                      | 0.49                               | February 10, 2030  |
| 400,000                 | 200,000                        | 0.52                               | May 21, 2030       |
| <b>10,540,000</b>       | <b>6,655,000</b>               |                                    |                    |

|  | June 30, 2025     |
|--|-------------------|
| Weighted average exercise price for exercisable share options  | \$ <b>0.38</b>    |
| Weighted average share price for share options exercised       | n/a               |
| Weighted average years to expiry for exercisable share options | <b>2.96 years</b> |

For the six months ended June 30, 2025, the total share-based compensation charges relating to options granted and options vesting in the period to directors, officers, employees and consultants was \$677,092 (2024 - \$8,335).

The weighted average fair value at date of grant for the options granted during the six months ended June 30, 2025 was \$0.26 per option. No options were granted during the six month period ended June 30, 2024.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

The following weighted average assumptions were used for the Black-Scholes valuation of share options granted:

|                                | 2025      |
|--------------------------------|-----------|
| Risk-free interest rate        | 2.72%     |
| Expected life of share options | 5.0 years |
| Expected volatility            | 60.04%    |
| Expected dividend              | 0.00%     |

#### d) Share purchase warrants

Share purchase warrant transactions are summarized as follows:

|                                     | Number of share purchase warrants | Weighted average exercise price |
|-------------------------------------|-----------------------------------|---------------------------------|
| Outstanding as at December 31, 2023 | 28,656,753                        | \$0.38                          |
| Exercised                           | (1,675,000)                       | 0.29                            |
| Expired                             | (5,749,000)                       | 0.85                            |
| Granted                             | 13,058,985                        | 0.50                            |
| Outstanding as at December 31, 2024 | 34,291,738                        | \$0.35                          |
| Exercised                           | (3,837,501)                       | 0.29                            |
| Outstanding as at June 30, 2025     | 30,454,237                        | \$0.36                          |

At June 30, 2025, the following share purchase warrants were outstanding:

| Number of share purchase warrants | Exercise price per share purchase warrant \$ | Expiry date        |
|-----------------------------------|--|--------------------|
| 17,395,253                        | 0.25   | September 13, 2025 |
| 13,058,984                        | 0.50   | August 29, 2027    |
| <b>30,454,237</b>                 |  |                    |

During the six months ended June 30, 2025, share purchase warrants to purchase 3,837,501 common shares with exercise prices ranging from \$0.25 to \$0.30 were exercised resulting in gross proceeds of \$1,093,750 being received by the Company.

#### e) Deferred Share Units (“DSU”)

DSUs are granted to the Company’s directors as a part of compensation under the terms of the Company’s deferred share units plan (the “DSU Plan”). Each DSU entitles the participant to receive the value of one common share of the Company (a “Common Share”). The maximum number of awards of DSU’s and all other security-based compensation arrangements shall not exceed 10% of the Company’s outstanding shares.

Participants are entitled to the value of the Common Share upon termination of their service. In accordance to the DSU Plan, upon each vesting date the Company shall decide at, at its sole discretion whether, participants receive (a) the issuance of Common Shares equal to the number of DSUs vesting, or (b) a cash payment equal to the number of vested DSUs multiplied by the fair market value of a Common Share, calculated as the closing price of the Common Shares on the TSX-V for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

On the grant date of DSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the DSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

The Company has a present obligation to settle in cash if the Company has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, DSUs are accounted for as equity settled share-based payments and are valued using the share price of the Common Share on grant date. Since the Company controls the settlement, the DSU's are considered equity settled.

DSU transactions are summarized as follows:

|                                 | Number of DSUs |
|---------------------------------|----------------|
| Outstanding – December 31, 2023 | 300,000        |
| Redeemed                        | (250,000)      |
| Granted                         | 325,000        |
| Outstanding – December 31, 2024 | 375,000        |
| Granted                         | 150,000        |
| Outstanding – June 30, 2025     | 525,000        |

During the six months ended June 30, 2025, the Company granted 150,000 DSUs to the Company's directors and recorded share-based compensation of \$73,500 (2024 - \$nil). The DSUs granted vested immediately. The weighted average fair value per DSU granted during the six months ended June 30, 2025 was determined to be \$0.49.

#### f) Restricted Share Units ("RSU")

RSUs are granted to the Company's directors, officers, employees and consultants as a part of compensation under the terms of the Company's restricted share units plan (the "RSU Plan"). Each RSU entitles the participant to receive the value of one Common Share. The maximum number of awards of RSU's and all other security based compensation arrangements shall not exceed 10% of the Company's outstanding shares.

The number of RSUs awarded and underlying vesting conditions are determined by the Board of Directors in its discretion. In accordance with the RSU Plan, upon each vesting date the Company shall decide, at its sole discretion, whether participants receive (a) the issuance of Common Shares equal to the number of RSUs vesting, or (b) a cash payment equal to the number of vested RSUs multiplied by the fair market value of a Common Share, calculated as the closing price of the Common Shares on the TSX-V for the trading day immediately preceding such payment date; or (c) a combination of (a) and (b).

On the grant date of RSUs, the Company determines whether it has a present obligation to settle in cash. If the Company has a present obligation to settle in cash, the RSUs are accounted for as liabilities, with the fair value remeasured at the end of each reporting period and at the date of settlement, with any changes in fair value recognized in profit or loss for the period. The Company has a present obligation to settle in cash if the Company has a past practice or a stated policy of settling in cash, or generally settles in cash whenever the counterparty asks for cash settlement. If no such obligation exists, RSUs are accounted for as equity settled share-based payments and are valued using the share price of the Common Share on grant date. Since the Company controls the settlement, the RSU's are considered equity settled.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

RSU transactions are summarized as follows:

|                                 | Number of RSUs  |
|---------------------------------|-----------------|
| Outstanding – December 31, 2023 | 237,500         |
| Redeemed                        | (175,000)       |
| Forfeited                       | (62,500)        |
| Granted                         | 280,000         |
| Outstanding – December 31, 2024 | 280,000         |
| Granted                         | <b>161,000</b>  |
| Forfeited                       | <b>(50,000)</b> |
| Outstanding – June 30, 2025     | <b>391,000</b>  |

During the six months ended June 30, 2025, the Company granted 161,000 RSUs to the Company's officers and consultants. The RSUs granted during the six months ended June 30, 2025 vest 33.3% after the subsequent three anniversary dates after the grant date, and the fair value per RSU ranged from \$0.49 to \$0.52 which is the share price of the Company on the grant date.

The Company recorded total share-based compensation of \$36,109 (2024 - \$8,335) related to the RSUs granted and RSUs vesting during the six months ended June 30, 2025.

## 6 Related party transactions

The Company's related parties include key management personnel and directors. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Chief Technical Officer, former Vice President Exploration and Corporate Secretary.

Direct remuneration paid to the Company's directors and key management personnel during the six months ended June 30, 2025 and 2024 was as follows:

|  | 2025                | 2024              |
|--|---------------------|-------------------|
| Salaries and benefits – personnel costs  | \$ -                | \$ 63,333         |
| Consulting fees – personnel costs / investor relations / exploration and evaluation assets | <b>367,505</b>      | 165,743           |
| Directors' fees – personnel costs  | <b>49,220</b>       | 19,024            |
| Share-based compensation   | <b>590,285</b>      | 7,145             |
|  | <b>\$ 1,007,010</b> | <b>\$ 255,245</b> |

As at June 30, 2025, included in accounts payable and accrued liabilities was an amount of \$189,896 (December 31, 2024 - \$47,085) due to the Company's related parties.

## 7 Segmented information

The Company has one business segment, the exploration of mineral properties. As at June 30, 2025, all of the Company's significant non-current non-financial assets are located in Peru.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

## 8 Supplemental cash flow information

|  | June 30, 2025 | June 30, 2024 |
|--|---------------|---------------|
| Non-cash investing activities  |               |               |
| - Exploration and evaluation expenditures included in accounts payable | \$ 27,684     | \$ 42,943     |
| Non-cash financing activities  |               |               |
| - RSUs redeemed and shares issued                                      | \$ -          | \$ 99,750     |
| - DSUs redeemed and shares issued                                      | \$ -          | \$ 125,000    |

## 9 Financial instruments

### a) Fair value classification of financial instruments

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices). Level 3 inputs are for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities and lease liability.

The carrying values of these financial instruments approximate their fair value due to their short terms to maturity.

The following table summarizes the classification and carrying values of the Company's financial instruments at June 30, 2025:

|  | FVTPL | Amortized cost<br>(financial assets) | Amortized cost<br>(financial liabilities) | Total      |
|--|-------|--------------------------------------|---|------------|
| <b>Financial assets</b>                  |       |                                      |   |            |
| Cash and cash equivalents                | \$ -  | \$ 302,391                           | \$ -                                      | \$ 302,391 |
| Receivables                              | -     | 49,070                               | -   | 49,070     |
| Deposit                                  | -     | 5,519                                | -   | 5,519      |
| <b>Total financial assets</b>            | \$ -  | \$ 356,980                           | \$ -                                      | \$ 356,980 |
| <b>Financial liabilities</b>             |       |                                      |   |            |
| Accounts payable and accrued liabilities | \$ -  | \$ -                                 | \$ 319,291                                | \$ 319,291 |
| Lease liability                          | -     | -                                    | 90,723                                    | 90,723     |
| <b>Total financial liabilities</b>       | \$ -  | \$ -                                 | \$ 410,014                                | \$ 410,014 |

## **Element 29 Resources Inc.**

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

For the six months ended June 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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## **10 Subsequent events**

Subsequent to June 30, 2025, the following transactions occurred:

- on August 19, 2025, the Company closed a non-brokered private placement consisting of 12,649,000 units at a price of \$0.50 per unit which raised gross proceeds of \$6,324,500. Each unit consists of one common share of the Company and one-half of one non-transferable common share purchase warrant. Each whole warrant is exercisable to acquire one common share at a price of \$0.70 per share for a period of three years from the closing date. The Company paid an aggregate finder's fees totaling \$254,415.
- share options to purchase 750,000 Designated Shares with an exercise prices ranging from \$0.26 to \$0.45 were terminated and an aggregate 282,458 common shares were issued; and
- share purchase warrants to purchase 8,462,000 common shares with an exercise price of \$0.25 were exercised resulting in gross proceeds of \$2,115,500 being received by the Company.
- the Company granted 100,000 stock options with an exercise price of \$0.54 for 5 years. The options will vest over a period of one year.