



# **ELEMENT 29**

RESOURCES

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

**Three and nine month periods ended September 30, 2023**

**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 September 30, 2023 and December 31, 2022 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 1,903,359	\$ 1,079,849
Restricted cash		-	25,000
Receivables		26,265	57,535
Prepaid expenses		138,140	144,422
Deposit		132,757	22,860
		<b>2,200,521</b>	1,329,666
<b>Non-current assets</b>			
Property and equipment		104,968	91,607
Exploration and evaluation assets	3	14,142,864	13,121,714
		<b>14,247,832</b>	13,213,321
<b>Total assets</b>		<b>\$ 16,448,353</b>	\$ 14,542,987
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 160,130	\$ 420,735
Current portion of lease liability	4	29,228	-
Loan payable		40,000	40,000
		<b>229,358</b>	460,735
<b>Non-current liabilities</b>			
Lease liability	4	21,505	-
<b>Total liabilities</b>		<b>250,863</b>	460,735
<b>Shareholders' equity</b>			
Share capital	5	25,838,219	21,796,857
Reserves		3,257,290	3,008,624
Subscriptions received in advance		-	720,000
Deficit		(12,898,019)	(11,443,229)
<b>Total shareholders' equity</b>		<b>16,197,490</b>	14,082,252
<b>Total liabilities and shareholders' equity</b>		<b>\$ 16,448,353</b>	\$ 14,542,987

**Nature of operations (Note 1)**

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 nine months ended September 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	Three months ended September 30		Nine months ended September 30	
		2023	2022	2023	2022
<b>General and administrative expenses</b>					
Administration and office		\$ 32,379	\$ 39,184	\$ 95,907	\$ 109,698
Investor relations		46,676	192,999	249,693	547,193
Corporate development initiatives		56,362	97,561	101,466	273,687
Personnel costs	6	208,802	197,684	603,011	639,907
Professional fees		68,948	8,514	103,779	148,756
Filing fees		35,197	29,578	88,712	80,450
Foreign exchange loss (gain)		51,036	(117,068)	6,954	(177,562)
Share-based compensation	5,6	17,061	356,988	152,291	1,559,888
Depreciation		13,138	4,430	30,319	13,270
Other		1,603	2,062	5,156	5,570
<b>Operating loss</b>		<b>575,753</b>	811,932	<b>1,437,289</b>	3,200,857
Interest income		(3,012)	(11,553)	(8,321)	(26,014)
Interest expense		1,880	-	1,880	-
Loss on disposal of fixed assets		-	-	23,942	-
<b>Loss and comprehensive loss</b>		<b>\$ 574,621</b>	\$ 800,379	<b>\$ 1,454,790</b>	\$ 3,174,843
<b>Loss per common share</b>					
Basic and fully diluted		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.04)
<b>Weighted average number of common shares outstanding</b>		<b>90,722,592</b>	79,240,860	<b>88,165,610</b>	79,240,860
<b>Total common shares issued and outstanding</b>	5	<b>106,248,613</b>	79,240,860	<b>106,248,613</b>	79,240,860

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 nine months ended September 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	Number of Shares	Share capital	Reserves	Subscriptions received in advance	Deficit	Total
<b>Balance at December 31, 2022</b>		79,240,860	\$ 21,796,857	\$ 3,008,624	\$ 720,000	\$ (11,443,229)	\$ 14,082,252
Issuance of share capital – private placement	5	26,770,253	4,170,038	231,750	(720,000)	-	3,681,788
Share issue costs – private placement		-	(264,051)	-	-	-	(264,051)
Issuance of share capital – RSU redemption	5	237,500	135,375	(135,375)	-	-	-
Loss and comprehensive loss		-	-	-	-	(1,454,790)	(1,454,790)
Share-based compensation	5	-	-	152,291	-	-	152,291
<b>Balance at September 30, 2023</b>		<b>106,248,613</b>	<b>\$ 25,838,219</b>	<b>\$ 3,257,290</b>	<b>\$ -</b>	<b>\$ (12,898,019)</b>	<b>\$ 16,197,490</b>

	Note	Number of Shares	Share capital	Reserves	Subscriptions received in advance	Deficit	Total
<b>Balance at December 31, 2021</b>		79,240,860	\$ 21,796,857	\$ 1,416,811	\$ -	\$ (6,201,292)	\$ 17,012,376
Loss and comprehensive loss		-	-	-	-	(3,174,843)	(3,174,843)
Share-based compensation		-	-	1,559,888	-	-	1,559,888
<b>Balance at September 30, 2022</b>		<b>79,240,860</b>	<b>\$ 21,796,857</b>	<b>\$ 2,976,699</b>	<b>\$ -</b>	<b>\$ (9,376,135)</b>	<b>\$ 15,397,421</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 nine months ended September 30, 2023 and 2022 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	2023	2022
<b>Cash flows used in operating activities</b>			
Loss and comprehensive loss		\$ (1,454,790)	\$ (3,174,843)
Items not affecting cash:			
Share-based compensation	5	152,291	1,559,888
Unrealized foreign exchange (gain) loss		(24,648)	145,889
Depreciation		30,319	13,270
Loss on disposal of fixed assets		23,942	-
		(1,272,886)	(1,455,796)
Changes in non-cash operating working capital:			
Decrease (increase) in receivables and prepaid expenses		37,551	(96,072)
Decrease in accounts payable and accrued liabilities		(81,818)	(478,701)
(Increase) decrease in deposits		(109,897)	421
		(1,427,050)	(2,030,148)
<b>Cash flows used in investing activities</b>			
Payment for exploration and evaluation assets	3	(1,192,177)	(3,455,451)
Restricted cash		25,000	-
		(1,167,177)	(3,455,451)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of common shares – private placement	5	3,681,788	-
Share issuance costs	5	(264,051)	-
		3,417,737	-
<b>Increase (decrease) in cash</b>		<b>823,510</b>	<b>(5,485,599)</b>
<b>Cash - beginning of period</b>		<b>1,079,849</b>	<b>7,832,949</b>
<b>Cash - end of period</b>		<b>\$ 1,903,359</b>	<b>\$ 2,347,350</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 three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

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### 1 Nature of operations

#### 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 completed an initial public offering (“IPO”) on December 3, 2020 and the Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) on December 7, 2020 under the symbol “ECU”. On May 27, 2021, the Company commenced trading 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 September 30, 2023, the Company has accumulated net losses of \$12,898,019 since inception and has working capital of \$1,971,163. 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, 2022 (“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 November 29, 2023.

## **Element 29 Resources Inc.**

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

For the three and nine month periods ended September 30, 2023 (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.

### **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, with the exception of certain claims (“Candelaria claims”), where it has an option to earn 100% interest.

The Company can earn its 100% interest in the Candelaria claims at Flor de Cobre by making payments to the vendor in the total amount of approximately US\$5 million over five years between 2020 and 2024. The Company is currently behind on the payments under the option agreement and is attempting to negotiate an amendment with the vendor. An additional US\$6 million payment would be due on the positive feasibility study for the claim area.

#### **Elida copper project**

The Company owns 100% of the Elida copper project, 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.

#### **Muñaoarjo copper skarn project**

The Company owns 100% interest of the Muñaoarjo 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, 2022, the Company re-evaluated the carrying value of the Pahuay and Muñaoarjo projects and, as a result of this review, recorded an impairment charge of \$1,541,503.



## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

Expenditures for the nine months ended September 30, 2023 were as follows:

	Flor de Cobre	Elida	Pahuay and Muñaorjo	Total
<b>Balance at December 31, 2022</b>	\$ 4,623,841	\$ 8,497,872	\$ 1	\$ 13,121,714
Additions:				
Option payments	412,125	-	-	412,125
Geological and mapping	1,337	1,643	-	2,980
Geophysics and geochemistry	-	15,062	-	15,062
Permitting, concessions and taxes	9,340	55,953	-	65,293
Community, health, safety and environment	4,335	70,745	-	75,080
Technical report	-	2,700	-	2,700
Geology salaries	-	185,381	-	185,381
Property maintenance and administration	63,112	199,417	-	262,529
Total additions for the period	490,249	530,901	-	1,021,150
<b>Balance at September 30, 2023</b>	<b>\$ 5,114,090</b>	<b>\$ 9,028,773</b>	<b>\$ 1</b>	<b>\$ 14,142,864</b>

Expenditures for the year ended December 31, 2022 were as follows:

	Flor de Cobre	Elida	Pahuay and Muñaorjo	Total
Balance at December 31, 2021	\$ 1,910,378	\$ 6,342,479	\$ 1,527,754	\$ 9,780,611
Additions:				
Option payments	391,128	-	-	391,128
Drilling	1,227,127	659,557	-	1,886,684
Geological and mapping	19,723	159,026	-	178,749
Geophysics and geochemistry	115,130	114,598	-	229,728
Permitting, concessions and taxes	442,096	275,911	991	718,998
Community, health, safety and environment	127,277	281,208	-	408,485
Technical report	-	35,286	-	35,286
Geology salaries	63,666	97,918	-	161,584
Property maintenance and administration	327,316	531,889	12,759	871,964
Total additions for the year	2,713,463	2,155,393	13,750	4,882,606
Less: Impairment charge	-	-	(1,541,503)	(1,541,503)
<b>Balance at December 31, 2022</b>	<b>\$ 4,623,841</b>	<b>\$ 8,497,872</b>	<b>\$ 1</b>	<b>\$ 13,121,714</b>

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

#### 4 Leases

##### Lease liability

	September 30, 2023	December 31, 2022
Lease liability	\$ 50,733	\$ -
Less: current portion	(29,228)	-
Long-term portion	\$ 21,505	\$ -

##### Undiscounted lease payments

	September 30, 2023	December 31, 2022
Less than one year	\$ 32,994	\$ -
One to five years	22,319	-
	\$ 55,313	\$ -

In June 2023, the Company entered an office lease agreement for a 3 year period and calculated the right-of-use asset and lease liability as \$59,770 based on the net present value of the future lease payments over the term of the lease using a discount rate of 10%.

#### 5 Share capital

##### a) Common shares

The Company's authorized share capital consists of unlimited common shares without par value. At September 30, 2023, the Company had 106,248,613 (December 31, 2022 – 79,240,860) shares issued and outstanding and 2,827,440 common shares (December 31, 2022 – 5,654,878) held in escrow.

##### b) Issued share capital

The Company's share capital transactions for the nine month period ended September 30, 2023 is as follows:

- On January 6, 2023, the Company closed a non-brokered private placement consisting of 7,725,000 units at a price of \$0.20 per unit which raised gross proceeds of \$1,545,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable to acquire one share at a price of \$0.30 per share for a period of two years from the closing date. The Company paid an aggregate finder's fee of \$31,500.
- On September 13, 2023, the Company closed a non-brokered private placement consisting of 19,045,253 units at a price of \$0.15 per unit which raised gross proceeds of \$2,856,788. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable to acquire one share at a price of \$0.25 per share for a period of two years from the closing date. The Company paid an aggregate finder's fee of \$144,007.

##### c) Share options

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

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

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.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. For employees, the share-based compensation expense is amortized on a graded vesting basis over the requisite service period which approximates the vesting period. Share-based compensation expense for share options granted to non-employees is recognized over the contract services period or, if none exists, from the date of grant until the share options vest.

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 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 the accompanying Condensed Consolidated Interim Statements of Comprehensive Loss.

Share option transactions are summarized as follows:

	Number of share options	Weighted average exercise price \$
Outstanding – December 31, 2022	6,610,000	0.49
Cancelled	(37,500)	0.57
<b>Outstanding – September 30, 2023</b>	<b>6,572,500</b>	<b>0.49</b>

At September 30, 2023, the following share options were outstanding:

Number of share options	Exercise price per share option \$	Expiry date
300,000	0.30	August 23, 2024
200,000	0.59	November 28, 2024
200,000	0.30	May 19, 2025
350,000	0.30	June 25, 2025
150,000	0.30	June 29, 2025
150,000	0.50	October 28, 2025
225,000	0.50	November 9, 2025
2,100,000	0.45	February 3, 2026
150,000	0.45	April 7, 2026
2,247,500	0.57	March 1, 2027
500,000	0.59	March 29, 2027
<b>6,572,500</b>		

	September 30, 2023
Weighted average exercise price for exercisable share options	\$ 0.49
Weighted average share price for share options exercised	n/a
Weighted average years to expiry for exercisable share options	2.62 years

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

#### a) 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, 2022	15,070,678	\$0.72
Issued	22,907,753	0.18
Outstanding as at September 30, 2023	<b>37,978,431</b>	<b>\$0.39</b>

At September 30, 2023, the following share purchase warrants were outstanding:

Number of share purchase warrants	Exercise price per share purchase warrant \$	Expiry date
6,655,200	0.70	December 3, 2023
2,666,478	0.50	December 3, 2023
5,749,000	0.85	December 14, 2024
3,862,500	0.30	January 6, 2025
19,045,253	0.25	September 13, 2025
<b>37,978,431</b>		

No share purchase warrants were exercised as at September 30, 2023.

#### b) Deferred share units

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. 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.

At September 30, 2023, the following DSUs were outstanding:

	Number of DSUs
Outstanding – December 31, 2022	300,000
<b>Outstanding – September 30, 2023</b>	<b>300,000</b>

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

#### c) Restricted Share Units

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.

At September 30, 2023, the following RSUs were outstanding:

	Number of RSUs	Number of RSUs vested
Outstanding – December 31, 2022	500,000	-
Redeemed	(237,500)	237,500
Cancelled	(25,000)	-
<b>Outstanding – September 30, 2023</b>	<b>237,500</b>	<b>-</b>

## 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 consist of members of the Board of Directors and corporate officers, including the Company's Chief Executive Officer, Chief Financial Officer, Vice President – Exploration, and Corporate Secretary.

Direct remuneration paid to the Company's directors and key management personnel during the nine months ended September 30, were as follows:

	2023	2022
Salaries and benefits – personnel costs	\$ 317,674	\$ 271,591
Consulting fees – personnel costs	167,738	160,300
Directors' fees – personnel costs	80,427	69,545
Share-based compensation	104,690	1,105,952
	<b>\$ 670,529</b>	<b>\$ 1,607,388</b>

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

As at September 30, 2023, included in accounts payable and accrued liabilities was an amount of \$4,775 (December 31, 2022 - \$22,275) due to the Company's related parties.

## 7 Segmented information

The Company has one business segment, the exploration of mineral properties. As at September 30, 2023, all of the Company's significant non-current non-financial assets are located in Peru.

## 8 Supplement cash flow information

	September 30, 2023	September 30, 2022
Non-cash investing activities		
- Exploration and evaluation expenditures included in accounts payable	\$ 28,889	\$ 45,689

## 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, receivables, deposits, accounts payable and accrued liabilities, lease liability and loan payable.

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

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

The following table summarizes the classification and carrying values of the Company's financial instruments at September 30, 2023:

	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
<b>Financial assets</b>				
Cash	\$ -	\$ 1,903,359	\$ -	\$ 1,903,359
Receivables	-	26,265	-	26,265
Deposit	-	132,757	-	132,757
<b>Total financial assets</b>	\$ -	\$ 2,062,381	\$ -	\$ 2,062,381
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 160,130	\$ 160,130
Lease liability	-	-	50,733	50,733
Loan payable	-	-	40,000	40,000
<b>Total financial liabilities</b>	\$ -	\$ -	\$ 250,863	\$ 250,863

## 10 Capital management

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets which are revised periodically based on the results of its exploration programs, availability of financing and industry conditions. There are no external restrictions on management of capital and there has been no changes to the Company's capital management during the current year. The Company believes it will be able to raise new funds as required in the long term to fund its exploration programs but recognizes there will be risks involved that may be beyond its control.