



# **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, 2024**

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

**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.

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, 2024 and 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	September 30, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 2,573,607	\$ 1,228,429
Receivables		23,568	32,700
Prepaid expenses		68,595	210,272
Deposit		5,519	5,519
		2,671,289	1,476,920
<b>Non-current assets</b>			
Property and equipment		63,794	95,599
Exploration and evaluation assets	3	10,298,988	14,354,885
		10,362,782	14,450,484
<b>Total assets</b>		\$ 13,034,071	\$ 15,927,404
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 207,600	\$ 133,256
Current portion of lease liability	4	19,946	30,148
		227,546	163,404
<b>Non-current liabilities</b>			
Lease liability	4	-	13,607
<b>Total liabilities</b>		227,546	177,011
<b>Shareholders' equity</b>			
Share capital	5	29,113,543	25,838,219
Reserves		3,666,693	3,274,351
Deficit		(19,973,711)	(13,362,177)
<b>Total shareholders' equity</b>		12,806,525	15,750,393
<b>Total liabilities and shareholders' equity</b>		\$ 13,034,071	\$ 15,927,404

#### Nature of operations and going concern (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 Changes in Shareholders' Equity

For the nine months ended September 30, 2024 and 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
<b>General and administrative expenses</b>					
Administration and office		\$ 10,298	\$ 32,379	\$ 32,681	\$ 95,907
Investor relations		214,102	46,676	306,745	249,693
Corporate development initiatives		33,742	56,362	92,610	101,466
Personnel costs	6	74,970	208,802	344,746	603,011
Professional fees		10,574	68,948	90,220	103,779
Filing fees		25,397	35,197	55,564	88,712
Foreign exchange loss		41,511	51,036	18,851	6,954
Share-based compensation	5,6	472,757	17,061	492,092	152,291
Depreciation		10,976	13,138	47,774	30,319
Other		2,434	1,603	6,595	5,156
<b>Operating loss</b>		<b>896,761</b>	575,753	<b>1,487,878</b>	1,437,289
Interest income		(261)	(1,132)	(11,015)	(6,441)
Impairment charge	3	-	-	5,134,671	-
Loss on disposal of fixed assets		-	-	-	23,942
<b>Loss and comprehensive loss</b>		<b>\$ 896,500</b>	\$ 574,621	<b>\$ 6,611,534</b>	\$ 1,454,790
<b>Loss per common share</b>					
Basic and fully diluted		\$ (0.01)	\$ (0.01)	\$ (0.06)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>		<b>108,124,936</b>	90,722,592	<b>108,124,936</b>	88,165,610
<b>Total common shares issued and outstanding</b>	5	<b>119,832,598</b>	106,248,613	<b>119,832,598</b>	106,248,613

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, 2024 and 2023 (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, 2023</b>		106,248,613	\$ 25,838,219	\$ 3,274,351	\$ -	\$ (13,362,177)	\$ 15,750,393
Issuance of share capital – private placement	5	13,058,985	3,264,746	-	-	-	3,264,746
Share issue costs – private placement	5	-	(114,172)	-	-	-	(114,172)
Issuance of share capital – restricted share units	5	175,000	99,750	(99,750)	-	-	-
Issuance of share capital – deferred share units	5	250,000	-	-	-	-	-
Issuance of share capital – warrants	5	100,000	25,000	-	-	-	25,000
Loss and comprehensive loss		-	-	-	-	(6,611,534)	(6,611,534)
Share-based compensation	5	-	-	492,092	-	-	492,092
<b>Balance at September 30, 2024</b>		119,832,598	\$ 29,113,543	\$ 3,666,693	\$ -	\$ (19,973,711)	\$ 12,806,525

	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		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		237,500	135,375	(135,375)	-	-	-
Loss and comprehensive loss		-	-	-	-	(1,454,790)	(1,454,790)
Share-based compensation		-	-	152,291	-	-	152,291
<b>Balance at September 30, 2023</b>		106,248,613	\$ 25,838,219	\$ 3,257,290	\$ -	\$ (12,898,019)	\$ 16,197,490

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, 2024 and 2023 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	2024	2023
<b>Cash flows used in operating activities</b>			
Loss and comprehensive loss		\$ (6,611,534)	\$ (1,454,790)
Items not affecting cash:			
Share-based compensation	5	492,092	152,291
Unrealized foreign exchange gain		(26,589)	(24,648)
Depreciation		47,774	30,319
Interest expense on lease liability	4	2,555	-
Impairment charge	3	5,134,671	-
Loss on disposal of fixed assets		-	23,942
		(961,031)	(1,272,886)
Changes in non-cash operating working capital:			
Decrease in receivables and prepaid expenses		150,808	37,551
Increase (decrease) in accounts payable and accrued liabilities		57,397	(81,818)
Increase in deposits		-	(109,897)
		(752,826)	(1,427,050)
<b>Cash flows used in investing activities</b>			
Payment for exploration and evaluation assets	3	(1,052,764)	(1,192,177)
Restricted cash		-	25,000
		(1,052,764)	(1,167,177)
<b>Cash flows from financing activities</b>			
Lease payments	4	(24,806)	-
Proceeds from issuance of common shares – warrants	5	25,000	-
Proceeds from issuance of common shares – private placement	5	3,264,746	3,681,788
Share issuance costs	5	(114,172)	(264,051)
		3,150,768	3,417,737
<b>Increase in cash and cash equivalents</b>		<b>1,345,178</b>	<b>823,510</b>
<b>Cash and cash equivalents - beginning of period</b>		<b>1,228,429</b>	<b>1,079,849</b>
<b>Cash and cash equivalents - end of period</b>		<b>\$ 2,573,607</b>	<b>\$ 1,903,359</b>

#### Cash and cash equivalents is represented by:

Cash		\$ 573,607	\$ 1,903,359
Cash equivalents		2,000,000	-
<b>Total cash and cash equivalents</b>		<b>\$ 2,573,607</b>	<b>\$ 1,903,359</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, 2024 (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 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, 2024, the Company has accumulated net losses of \$19,973,711 since inception and has working capital of \$2,393,743. 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 condensed consolidated interim 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, 2023 (“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 27, 2024.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

#### **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.

#### **Elida copper project**

The Company owns 100% of the Elida copper project, subject to a 2% NSR to Globetrotters Resource Group Inc. (“Globetrotters”). The property is located in Peru.

#### **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 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.

On March 1st, 2024, the Company announced the termination of the 5-year option agreement between the Peruvian subsidiary, Candelaria Resources S.A.C., and the vendor for the 127.12 hectare Candelaria concessions. Upon termination, the Company signed a non-binding letter of intent (“LOI”) to negotiate the terms for a new option agreement with the vendor. This LOI expired on May 15th, 2024 without executing a new agreement and the Company no longer holds an option interest in the Candelaria concessions.

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

During the quarter ended June 30, 2024, the Company re-evaluated the carrying value of the Flor de Cobre copper project and, as a result of this review, recorded an impairment charge of \$5,134,671 (2023 – nil).

#### **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 (previously Munaorjo 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.



## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

Expenditures for the nine months ended September 30, 2024 were as follows:

	Flor de Cobre	Elida	Pahuay and Paka	Total
<b>Balance at December 31, 2023</b>	\$ 5,134,672	\$ 9,220,212	\$ 1	\$ 14,354,885
Additions:				
Drilling	-	113,099	-	113,099
Geological and mapping	-	42,055	-	42,055
Permitting, concessions and taxes	-	151,671	-	151,671
Community, health, safety and environment	-	84,840	-	84,840
Geology salaries	-	87,037	-	87,037
Property maintenance and administration	-	600,072	-	600,072
Total additions for the period	-	1,078,774	-	1,078,774
Impairment charge	(5,134,671)	-	-	(5,134,671)
<b>Balance at September 30, 2024</b>	\$ 1	\$ 10,298,986	\$ 1	\$ 10,298,988

Expenditures for the year ended December 31, 2023 were as follows:

	Flor de Cobre	Elida	Pahuay and Paka	Total
<b>Balance at December 31, 2022</b>	\$ 4,623,841	\$ 8,497,872	\$ 1	\$ 13,121,714
Additions:				
Option payments	404,722	-	-	404,722
Geological and mapping	1,412	13,899	-	15,311
Geophysics and geochemistry	217	15,053	-	15,270
Permitting, concessions and taxes	13,208	60,001	-	73,209
Community, health, safety and environment	5,978	117,553	-	123,531
Technical report	-	2,700	-	2,700
Geology salaries	-	254,821	-	254,821
Property maintenance and administration	85,294	258,313	-	343,607
Total additions for the year	510,831	722,340	-	1,233,171
<b>Balance at December 31, 2023</b>	\$ 5,134,672	\$ 9,220,212	\$ 1	\$ 14,354,885

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

## 4 Leases

### Lease liability

	September 30, 2024	December 31, 2023
Lease liability	\$ 19,946	\$ 43,755
Less: current portion	(19,946)	(30,148)
Long-term portion	\$ -	\$ 13,607

### Undiscounted lease payments

	September 30, 2024	December 31, 2023
Less than one year	\$ 22,319	\$ 33,175
One to five years	-	13,949
	\$ 22,319	\$ 47,124

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 \$2,555 for the nine months ended September 30, 2024 (2023 – \$1,880). During the nine months ended September 30, 2024, lease payments made amounted to \$24,806 (2023 – \$10,917).

## 5 Share capital

### a) Common shares

The Company's authorized share capital consists of unlimited common shares without par value. At September 30, 2024, the Company had 119,832,598 (December 31, 2023 – 106,248,613) shares issued and outstanding.

### b) Issued share capital

The Company's share capital transactions for the period ended September 30, 2024 was as follows:

- On August 29, 2024, the Company closed a non-brokered private placement consisting of 13,058,985 units at a price of \$0.20 per unit which raised gross proceeds of \$3,264,746. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant is exercisable to acquire one 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 fee of \$92,768.

The Company's share capital transactions for the year ended December 31, 2023 was as follows:

- On January 6, 2023 the Company closed a non-brokered private placement consisting of 7,725,000 units at a price of \$0.25 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.

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

#### 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.

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 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, 2023	5,985,000	0.48
Granted	5,250,000	0.255
Cancelled	(3,065,000)	0.48
<b>Outstanding – September 30, 2024</b>	<b>8,170,000</b>	<b>0.34</b>

At September 30, 2024, the following share options were outstanding:

Number of share options	Number of share options vested	Exercise price per share option \$	Expiry date
100,000	100,000	0.30	May 19, 2025
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
1,220,000	1,220,000	0.57	March 1, 2027
5,250,000	2,625,000	0.255	September 24, 2029
8,170,000	5,545,000		

	September 30, 2024
Weighted average exercise price for exercisable share options	\$ 0.34
Weighted average share price for share options exercised	n/a
Weighted average years to expiry for exercisable share options	3.81 years

For the nine months ended September 30, 2024, the total share-based compensation charges relating to 5,250,000 options granted and vested to officers, employees, directors and consultants was \$401,953 (2023 - \$nil).

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

The weighted average fair value at date of grant for the options granted during the nine months ended September 30, 2024 was \$0.15 (2023 – \$nil). The following weighted average assumptions were used for the Black-Scholes valuation of share options granted:

	<b>2024</b>
Risk-free interest rate	2.71%
Expected life of share options	5.0 years
Expected volatility	69.30%
Expected dividend	0.00%

#### d) Share purchase warrants

Share purchase warrant transactions are summarized as follows:

	<b>Number of share purchase warrants</b>	<b>Weighted average exercise price \$</b>
Outstanding as at December 31, 2023	28,656,753	0.38
Exercised	(100,000)	0.25
Granted	13,058,984	0.50
<b>Outstanding as at September 30, 2024</b>	<b>41,615,737</b>	<b>0.42</b>

At September 30, 2024, the following share purchase warrants were outstanding:

<b>Number of share purchase warrants</b>	<b>Exercise price per share purchase warrant \$</b>	<b>Expiry date</b>
5,749,000	0.85	December 14, 2024
3,862,500	0.30	January 6, 2025
18,945,253	0.25	September 13, 2025
13,058,984	0.50	August 29, 2027
<b>41,615,737</b>		

On August 29, 2024, the Company closed a non-brokered private placement which included 13,058,984 share purchase warrants exercisable at \$0.50 per share for a period of three years. The share purchase warrants were determined to have a fair value of \$nil using the residual value method.

#### 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 three and nine month periods ended September 30, 2024 (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.

At September 30, 2024, the following DSUs were outstanding:

	Number of DSUs
Outstanding – December 31, 2023	300,000
Granted	325,000
Redeemed	(250,000)
<b>Outstanding – September 30, 2024</b>	<b>375,000</b>

During the nine months ended September 30, 2024, the Company granted 325,000 DSUs to a consultant. The Company recorded share-based compensation of \$81,125 related to the DSUs granted. The DSUs vested immediately and the fair value per DSU was determined to be \$0.22 for 50,000 DSUs and \$0.255 for 275,000 DSUs which were the share prices of the Company on the grant dates.

#### f) 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, 2024, the following RSUs were outstanding:

	Number of RSUs	Number of RSUs vested
Outstanding – December 31, 2023	237,500	-
Granted	265,000	-
Redeemed	(175,000)	-
Forfeited	(62,500)	-
<b>Outstanding – September 30, 2024</b>	<b>265,000</b>	<b>-</b>

During the nine months ended September 30, 2024, the Company granted 265,000 RSUs to the Company's officers, employees and consultants and recorded share-based compensation of \$9,014 (2023 – \$72,941) related to the RSUs vested

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

during the year. The RSUs vest one-third in each of the first, second and third anniversary after the grant date. The fair value per RSU granted during the nine month period ended September 30, 2024 was determined to be \$0.255 (2023 - \$nil) which is the share price of the Company on the grant date.

## 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, Chief Technical Officer, former 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:

	2024	2023
Salaries and benefits – personnel costs	\$ 65,333	\$ 317,674
Consulting fees – personnel costs / exploration and evaluation assets	383,811	167,738
Directors' fees – personnel costs	47,614	80,427
Share-based compensation	422,441	104,690
	\$ 919,199	\$ 670,529

As at September 30, 2024, included in accounts payable and accrued liabilities was an amount of \$73,122 (December 31, 2023 - \$1,290) 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, 2024, all of the Company's significant non-current non-financial assets are located in Peru.

## 8 Supplemental cash flow information

	September 30, 2024	September 30, 2023
Non-cash investing activities		
- Exploration and evaluation expenditures included in accounts payable	\$ 52,799	\$ 28,889

## 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).

## Element 29 Resources Inc.

### Notes to Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

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 September 30, 2024:

	<b>FVTPL</b>	<b>Amortized cost (financial assets)</b>	<b>Amortized cost (financial liabilities)</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and cash equivalents	\$ -	\$ 2,573,607	\$ -	\$ 2,573,607
Receivables	-	23,568	-	23,568
Deposit	-	5,519	-	5,519
<b>Total financial assets</b>	\$ -	\$ 2,602,694	\$ -	\$ 2,602,694
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 207,600	\$ 207,600
Lease liability	-	-	19,946	19,946
<b>Total financial liabilities</b>	\$ -	\$ -	\$ 227,546	\$ 227,546

## 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.