



ELEMENT 29

RESOURCES

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

Three and nine month periods ended September 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 September 30, 2025 and December 31, 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	September 30, 2025	December 31, 2024
Assets			
Current assets			
Cash and cash equivalents		\$ 9,645,176	\$ 1,189,987
Receivables	6	29,840	31,829
Prepaid expenses		290,448	87,674
Deposit		5,519	25,485
		9,970,983	1,334,975
Non-current assets			
Property and equipment		111,888	55,115
Exploration and evaluation assets	3	13,582,552	11,909,195
		13,694,440	11,964,310
Total assets		\$ 23,665,423	\$ 13,299,285
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	\$ 168,969	\$ 445,781
Current portion of lease liability	4	31,329	13,607
		200,298	459,388
Non-current liabilities			
Lease liability	4	51,152	-
Total liabilities		251,450	459,388
Shareholders' equity			
Share capital	5	41,418,614	29,760,249
Reserves	5	4,349,435	3,591,330
Deficit		(22,354,076)	(20,511,682)
Total shareholders' equity		23,413,973	12,839,897
Total liabilities and shareholders' equity		\$ 23,665,423	\$ 13,299,285

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 Comprehensive Loss

For the three and nine months ended September 30, 2025 and 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

		Three months ended September 30		Nine months ended September 30	
	Note	2025	2024	2025	2024
General and administrative expenses					
Administration and office		\$ 7,071	\$ 10,298	\$ 28,216	\$ 32,681
Investor relations		100,431	214,102	425,623	306,745
Corporate development		21,838	33,742	84,292	92,610
Personnel costs	6	121,759	74,970	356,339	344,746
Professional fees		2,621	10,574	86,521	90,220
Filing fees		29,714	25,397	77,662	55,564
Foreign exchange (gain) loss		(72,248)	41,511	(188,835)	18,851
Share-based compensation	5,6	208,186	472,757	971,609	492,092
Depreciation		10,171	10,976	45,026	47,774
Other		807	2,434	10,713	6,595
Operating loss		430,350	896,761	1,897,166	1,487,878
Interest income		(28,247)	(261)	(54,772)	(11,015)
Impairment charge	3	-	-	-	5,134,671
Loss and comprehensive loss		\$ 402,103	\$ 896,500	\$ 1,842,394	\$ 6,611,534
Loss per common share					
Basic and fully diluted		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.06)
Weighted average number of common shares outstanding		136,509,721	108,124,936	128,245,483	108,124,936
Total common shares issued and outstanding	5	155,503,476	119,832,598	155,503,476	119,832,598

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, 2025 and 2024 (unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	Number of Shares	Share capital	Reserves	Deficit	Total
Balance at December 31, 2024		121,407,598	\$ 29,760,249	\$ 3,591,330	\$ (20,511,682)	\$ 12,839,897
Issuance of share capital – options	5	282,458	114,604	(114,604)	-	-
Issuance of share capital – warrant exercises	5	21,092,754	5,488,189	(80,625)	-	5,407,564
Issuance of share capital – RSU redemption	5	71,666	18,275	(18,275)	-	-
Issuance of share capital – private placement	5	12,649,000	6,324,500	-	-	6,324,500
Share issue costs – private placement	5	-	(287,203)	-	-	(287,203)
Loss and comprehensive loss		-	-	-	(1,842,394)	(1,842,394)
Share-based compensation	5	-	-	971,609	-	971,609
Balance at September 30, 2025		155,503,476	\$ 41,418,614	\$ 4,349,435	\$ (22,354,076)	\$ 23,413,973

	Note	Number of Shares	Share capital	Reserves	Deficit	Total
Balance at December 31, 2023		106,248,613	\$ 25,838,219	\$ 3,274,351	\$ (13,362,177)	\$ 15,750,393
Issuance of share capital – private placement		13,058,985	3,264,746	-	-	3,264,746
Share issue costs – private placement		-	(114,172)	-	-	(114,172)
Issuance of share capital – restricted share units		175,000	99,750	(99,750)	-	-
Issuance of share capital – deferred share units		250,000	-	-	-	-
Issuance of share capital – warrants		100,000	25,000	-	-	25,000
Loss and comprehensive loss		-	-	-	(6,611,534)	(6,611,534)
Share-based compensation		-	-	492,092	-	492,092
Balance at September 30, 2024		119,832,598	\$ 29,113,543	\$ 3,666,693	\$ (19,973,711)	\$ 12,806,525

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, 2025 and 2024 (Unaudited)

(expressed in Canadian dollars, except where indicated)

	Note	2025	2024
Cash flows used in operating activities			
Loss and comprehensive loss		\$ (1,842,394)	\$ (6,611,534)
Items not affecting cash:			
Share-based compensation	5	971,609	492,092
Unrealized foreign exchange gain		(7,814)	(26,589)
Depreciation		45,026	47,774
Interest expense on lease liability	4	3,234	2,555
Impairment charge	3	-	5,134,671
		(830,339)	(961,031)
Changes in non-cash operating working capital:			
(Increase) / decrease in receivables and prepaid expenses		(200,784)	150,808
Increase in accounts payable and accrued liabilities		63,079	57,397
Decrease in deposits		19,966	-
		(948,078)	(752,826)
Cash flows used in investing activities			
Payment for exploration and evaluation assets	3	(2,009,867)	(1,052,764)
Purchase of equipment		(6,238)	-
		(2,016,105)	(1,052,764)
Cash flows from financing activities			
Lease payments	4	(25,489)	(24,806)
Proceeds from issuance of common shares – warrants	5	5,407,564	25,000
Proceeds from issuance of common shares – private placement	5	6,324,500	3,264,746
Share issuance costs	5	(287,203)	(114,172)
		11,419,372	3,150,768
Increase in cash		8,455,189	1,345,178
Cash - beginning of period		1,189,987	1,228,429
Cash - end of period		\$ 9,645,176	\$ 2,573,607

Cash and cash equivalents is represented by:

Cash		\$ 1,316,891	\$ 573,607
Cash equivalents		8,328,285	2,000,000
Total cash and cash equivalents		\$ 9,645,176	\$ 2,573,607

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 nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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 September 30, 2025, the Company has accumulated net losses of \$22,354,076 since inception and has working capital of \$9,770,685. 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 November 27, 2025.

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (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.

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, where it had an option to earn 100% interest. The Flor de Cobre copper project is subject to a 2% Net Smelter Return (“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. The property is located in Peru.

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 nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

Expenditures for the nine months ended September 30, 2025 were as follows:

	Flor de Cobre	Elida	Pahuay and Paka	Total
Balance at December 31, 2024	\$ 1	\$ 11,909,193	\$ 1	\$ 11,909,195
Additions:				
Drilling	464	207,444	8,658	216,566
Geological and mapping	8,522	1,734	23,813	34,069
Geophysics and geochemistry	-	297,161	3,373	300,534
Permitting, concessions and taxes	21,597	201,441	70,561	293,599
Community, health, safety and environment	-	97,380	6,189	103,569
Geology salaries	186	86,782	1,030	87,998
Property maintenance and administration	31,050	605,031	941	637,022
Total additions for the period	61,819	1,496,973	114,565	1,673,357
Balance at September 30, 2025	\$ 61,820	\$ 13,406,166	\$ 114,566	\$ 13,582,552

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

	Flor de Cobre	Elida	Pahuay and Paka	Total
Balance at December 31, 2023	\$ 5,134,672	\$ 9,220,212	\$ 1	\$ 14,354,885
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)
Balance at December 31, 2024	\$ 1	\$ 11,909,193	\$ 1	\$ 11,909,195

4 Lease liability

	September 30, 2025	December 31, 2024
Lease liability	\$ 82,481	\$ 13,607
Less: current portion	(31,329)	(13,607)
Long-term portion	\$ 51,152	\$ -

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

Undiscounted lease payments

	September 30, 2025	December 31, 2024
Less than one year	\$ 34,620	\$ 13,949
One to five years	58,427	-
	\$ 93,047	\$ 13,949

In June 2025, the Company renewed its existing office lease in Vancouver for an additional 3 year period and calculated the right-of-use asset and lease liability as \$89,974 based on the net present value of the future lease payments over the term of the lease using a discount rate of 10%.

Interest expense on the lease liability amounted to \$3,234 for the nine months ended September 30, 2025 (2024 – \$2,555). During the nine months ended September 30, 2025, lease payments made amounted to \$25,489 (2024 – \$24,806).

5 Share capital and reserves

a) Common shares

The Company's authorized share capital consists of unlimited common shares without par value. At September 30, 2025, the Company had 155,503,476 (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 period ended September 30, 2025 is as follows:

- 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.

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

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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 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 \$
Outstanding – December 31, 2023	5,985,000	0.48
Granted	5,350,000	0.26
Cancelled	(3,065,000)	0.48
Outstanding – December 31, 2024	8,270,000	0.34
Granted	2,870,000	0.50
Exercised	(282,458)	0.29
Cancelled	(467,542)	0.33
Expired / forfeited	(650,000)	0.36
Outstanding – September 30, 2025	9,740,000	0.38

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

Number of share options	Number of share options vested	Exercise price per share option \$	Expiry date
150,000	150,000	0.50	November 9, 2025
950,000	950,000	0.45	February 3, 2026
1,020,000	1,020,000	0.57	March 1, 2027
4,650,000	4,650,000	0.255	September 24, 2029
100,000	100,000	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
100,000	25,000	0.54	July 9, 2030
9,740,000	8,280,000		

	September 30, 2025
Weighted average exercise price for exercisable share options	\$ 0.38
Weighted average share price for share options exercised	\$ 0.52
Weighted average years to expiry for exercisable share options	3.25 years

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

For the nine months ended September 30, 2025, the total share-based compensation charges relating to options granted, vested and forfeited in the period to directors, officers, employees and consultants was \$845,689 (2024 - \$401,953).

The weighted average fair value at date of grant for the options granted during the nine months ended June 30, 2025 was \$0.27 per option (2024 - \$0.15).

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

	2025
Risk-free interest rate	2.74%
Expected life of share options	5.0 years
Expected volatility	60.7%
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	(21,092,754)	0.26
Expired / forfeited	(140,000)	0.25
Outstanding as at September 30, 2025	13,058,984	\$0.50

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

Number of share purchase warrants	Exercise price per share purchase warrant \$	Expiry date
13,058,984	0.50	August 29, 2027

During the nine months ended September 30, 2025, share purchase warrants to purchase 21,092,754 common shares with exercise prices ranging from \$0.25 to \$0.30 were exercised resulting in gross proceeds of \$5,407,564 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

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

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.

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 – September 30, 2025	525,000

During the nine months ended September 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 nine months ended September 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 nine months ended September 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
Redeemed	(71,666)
Granted	161,000
Forfeited	(50,000)
Outstanding – September 30, 2025	319,334

During the nine months ended September 30, 2025, the Company granted 161,000 RSUs to the Company's officers and consultants. The RSUs granted during the nine months ended September 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 \$52,418 (2024 - \$9,014) related to the RSUs granted, vested and forfeited during the nine months ended September 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 nine months ended September 30, 2025 and 2024 was as follows:

	2025	2024
Salaries and benefits – personnel costs	\$ -	\$ 65,333
Consulting fees – personnel costs / investor relations / exploration and evaluation assets	495,027	383,811
Directors' fees – personnel costs	75,659	47,614
Share-based compensation	818,228	422,441
	\$ 1,388,914	\$ 919,199

As at September 30, 2025, included in accounts payable and accrued liabilities was an amount of \$52,300 (December 31, 2024 - \$47,085) due to the Company's related parties.

As at September 30, 2025, included in receivables was an amount of \$14,339 (December 31, 2024 - \$nil) due from the Company's related parties. Amounts due from the Company's related parties are without interest or stated terms of repayment.

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

7 Segmented information

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

8 Supplemental cash flow information

	September 30, 2025	September 30, 2024
Non-cash investing activities		
- Exploration and evaluation expenditures included in accounts payable	\$ 33,004	\$ 52,799
Non-cash financing activities		
- RSUs redeemed and shares issued	\$ 18,275	\$ 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 September 30, 2025:

	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
Financial assets				
Cash and cash equivalents	\$ -	\$ 9,645,176	\$ -	\$ 9,645,176
Receivables	-	29,840	-	29,840
Deposit	-	5,519	-	5,519
Total financial assets	\$ -	\$ 9,680,535	\$ -	\$ 9,680,535
Financial liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 168,969	\$ 168,969
Lease liability	-	-	82,481	82,481
Total financial liabilities	\$ -	\$ -	\$ 251,450	\$ 251,450

Element 29 Resources Inc.

Notes to Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2025 (unaudited)

(expressed in Canadian dollars, except where indicated)

10 Contingency

During the nine month period ended September 30, 2025, the Company received a notice of a liability claim filed in Peru against Elida, and a contractor hired by Elida, by a subcontractor. Management believes that the claim is without merit and at this time the outcome is not determinable. Therefore, the Company has not accrued an amount in these condensed consolidated financial statements.