



## Management's Discussion and Analysis Year Ended December 31, 2020

(Expressed in Canadian dollars, except per share amounts and where otherwise noted)

March 22, 2021

*This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements for the year ended December 31, 2020 and related notes thereto which have been prepared with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. References to "E29", "Element 29", and the "Company" are to Element 29 Resources Inc. and/or one or more of its wholly-owned subsidiaries. Further information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Information is also available on the Company's website at [www.e29copper.com](http://www.e29copper.com). Information on risks associated with investing in the Company's securities is contained in this MD&A. Technical and scientific information under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") concerning the Company's material properties are located in their respective technical reports: technical and scientific information regarding the Flor de Cobre Project (the "Flor de Cobre Project") is contained in the technical report titled "NI 43-101 Technical Report Flor de Cobre Property Arequipa and Moquegua Regions, Peru" with an effective date of March 15, 2020, prepared for the Company by Derrick Strickland (P. Geo.) (the "Flor de Cobre Technical Report") and a table of historical drilling results prepared for the Company by Christopher Keech (P. Geo.); and technical and scientific information regarding the Elida Project ("Elida Project") is contained in the technical report titled "NI 43-101 Technical Report Elida Property, Peru" with an effective date of February 15, 2020 prepared for the Company by Derrick Strickland (P. Geo.) (the "Elida Technical Report") and a table of historical drilling results prepared for the Company by Christopher Keech (P. Geo.). The disclosure in this MD&A of scientific and technical information regarding the Company's other mineral projects has been reviewed and approved by Paul Johnston (P. Geo.), the Vice President of Exploration of the Company and Brian R. Booth (P. Geo.), the President and Chief Executive Officer of the Company. Each of Mr. Strickland, Mr. Keech, Mr. Johnston, and Mr. Booth are a "Qualified Person" for the purposes of NI 43-101.*

### COMPANY BACKGROUND

Element 29 is a Canadian resource company engaged in the exploration and development of mineral resource properties in Peru. The Company is exploring for copper ("Cu"), molybdenum ("Mo"), gold ("Au"), silver ("Ag"), and other metals including lead ("Pb"), and zinc ("Zn"). At present, none of the Company's mineral properties are at a commercial development or production stage. The Company's objective is to confirm, delineate, and develop the copper mineralization at its Flor de Cobre property ("Candelaria"). At the Elida porphyry copper project, the Company plans to explore and expand on the copper, molybdenum, and silver mineralization intersected in Target 1 (see Elida Copper Project) and drill test the four other porphyry targets located on the project.

The Company also holds two other projects; the Pahuay Copper Project, and the Muñaorjo Copper Project, which are both located in Peru.

The Company was incorporated in British Columbia on August 30, 2017. The Company's corporate headquarters is in Vancouver, British Columbia, Canada. Field operations are conducted out of a local office in Peru. On December 7, 2020, the Company's common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the symbol "ECU". On February 4, 2021, the Company's common shares commenced trading on the Frankfurt Stock Exchange ("FSE") under the trading symbol "2IK".

The Company has three wholly-owned subsidiaries; Candelaria Resources SAC, Elida Resources SAC, and Pahuay Resources SAC, all of which were incorporated under the laws of Peru (the "Subsidiaries").

Element 29 is led by a seasoned team of mining, corporate finance and corporate governance professionals, who have the experience to advance the Company's projects and generate value for Element 29's shareholders.

### HIGHLIGHTS

The Company's strategy is to further explore the copper mineralization, and transition through to advanced exploration and engineering studies towards becoming a mining company.

#### Corporate

- On December 3, 2020, the Company successfully closed its initial public offering (the "IPO") of an aggregate of 13,310,400 units of the Company (the "Units") at a price of \$0.50 per Unit for gross proceeds of \$6,655,200. Each Unit comprises one common share of the Company and one-half of one common share purchase warrant of the Company (each whole common share purchase warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company (each, a "Warrant Share") at an exercise price of \$0.70 per Warrant Share

for a period of 3 years. Commissions, legal fees, and corporate finance fees in the amount of \$623,099 were paid in connection with the IPO. In addition, 50,000 common shares of the Company were issued as corporate finance fee compensation.

- On December 7, 2020, the Company's common shares commenced trading on the TSX-V under the symbol "ECU".
- In December 2020, in connection with the Company's IPO, \$1,500,000 of a senior secured convertible debenture and \$295,000 of unsecured convertible debentures, including accrued interest payable, were converted into 3,895,707 units and 789,428 units, respectively. Each unit comprises one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.50 per warrant for a period of 3 years (converted senior secured convertible debenture) or 1 year (converted unsecured convertible debentures).
- In December 2020, in connection with the Company's IPO, 3,750,000 common shares of the Company were issued to Globetrotters Resources Peru SAC ("Globetrotters") as payment for the acquisition of Pahuay Resources SAC.

#### Flor de Cobre Copper Project (Peru)

- The project contains a shallow historic resource at Candelaria of 57.4 million tonnes of 0.67% copper at a 0.2% copper cut-off in a supergene enrichment copper zone.
- The original source of the historical estimate is a press release of Rio Amarillo Mining Ltd. dated November 15, 1996. This historical estimate is relevant to the Flor de Cobre property as it suggests the porphyries in the area are mineralized and there may be mineralization of interest present. The parameters, assumptions and methods used to calculate the historical estimate are unknown. Additionally, the historical estimate does not use the resource categories as found in CIM 2014 Definition Standards and the difference to the CIM categories are not known. It is also unclear what portion of this historical resource estimate is on the current Flor de Cobre property configuration. A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource, and it is unclear what work might be required to confirm the resource. For these reasons, the historical estimate should not be relied upon. The Company is not treating the historical estimate as a current mineral resource.
- Historical drilling at Candelaria intersected 272 metres of 0.92% copper starting at 78 metres including 116 metres of 1.40% copper as secondary enrichment (which is included in the historic resource estimate) followed by an additional 156 metres of 0.58% copper as primary sulfides from drill hole K-008. The original source of the historical mineralized intervals in diamond drill hole K-008 is a press release issued by Rio Amarillo Mining Ltd. (Rio Amarillo Mining Ltd., March 1, 1994).
- In 2019, a second porphyry copper target was located 1.5 kilometres to the northeast of Candelaria on the 100% owned concessions on Flor de Cobre called Atravezado. This porphyry target has a 1.0 x 1.2 kilometre geophysical anomaly coincident with strong rock sample copper geochemistry, porphyry style phyllic alteration and quartz stockwork veining.
- An additional 2 concessions were applied for in 2019, through the Peru government auction process, on the northeast part of the Flor de Cobre property near the San Jose porphyry. Final receipt of the concessions is pending.
- In 2019, a 28.9 kilometre Induced Polarization (IP) geophysical survey was completed over the property to evaluate the Candelaria supergene copper zone and Atravezado copper porphyry target at depth. Strong IP anomalies were detected associated over the two target areas.
- The drill permit application was completed and submitted to the government in the 4th quarter of 2019. Discussions are ongoing with the company that owns the surface rights and final approval is pending.

#### Elida Copper Project (Peru)

- The Company is pursuing an exploration target on the Elida Property at Target 1 of 200 to 500 Mt, with grades of 0.35-0.45% copper, 0.03-0.05% molybdenum, and 3.5-4.5 g/t silver. This exploration target is based on the high-quality data from the 18 drill hole program (9,880 metres) completed by Lundin Mining Peru SAC ("Lundin"), and the surficial mapping and detailed interpretations undertaken by Lundin Mining Peru SAC and subsequently Globetrotters. The potential quantity and grade of this exploration target is conceptual in

nature as there is currently insufficient drilling data to define a mineral resource and it is uncertain if further exploration will result in this target being delineated as a mineral resource.

- Six diamond drill holes in Target 1 returned significant intersections. Highlights were:
  - ELID012: 503 metres of 0.42% copper, 0.046% molybdenum, 3.23 g/t silver.
  - ELID014: 462 metres of 0.34% copper, 0.047% molybdenum, 2.89 g/t silver, including 164 metres of 0.42% Copper, 0.048% molybdenum, 3.28 g/t silver.
  - ELID015: 545.6 metres of 0.33% copper, 0.042% molybdenum, 3.60 g/t silver, including 96 metres of 0.43% Copper, 0.040% molybdenum, 5.12 g/t silver.
- Four additional target areas have been identified within the 2 x 2 kilometre phyllic alteration zone.
- The diamond drill permit was received for the Elida project in July 2019 for an Environmental Evaluation (“the FTA”) from the Ministry of Energy and Mines of Peru (“MINEM”). The process is underway to activate the permit to begin drilling. The Company renewed the existing surface rights access agreement as of May 2020 with the Aco community, which has been declared Indigenous. Final approval is pending.

#### Pahuay Copper Project (Peru)

- The Pahuay project covers a 1.7 x 2.8 kilometre copper mineralized hydrothermal alteration zone that returned copper, molybdenum, and zinc in rock sample assays with up to 4.4% copper and 0.05% molybdenum from the central area and up to 6.5% zinc from the distal areas.

#### Muñaoarjo Copper Project (Peru)

- The Muñaoarjo property is centered on a large (4.3 x 1.3 kilometre) hydrothermal alteration zone. Skarn related copper mineralization is developed in the limestone over a 480 x 280 metre area at surface. Rock sample results are highly anomalous and returned assay results up to 4% copper.

## **2021 OUTLOOK**

### Flor de Cobre

The drill permit under an Environmental Impact Assessment (“EIA”) is currently in the application process for the Flor de Cobre property. Once the permit is received, the Company anticipates completing a 9 hole diamond drill program for a total of 3,700 metres at Candelaria to complete a resource estimate in accordance with NI 43-101 and to evaluate the potential for additional resources of primary sulfide at depth, which was intercepted by historical drilling. The Company subsequently plans to carry out preliminary metallurgical and engineering studies.

### Elida

In July 2019, the Company received an Environmental Evaluation (the “FTA”) approval for Elida property from the Ministry of Energy and Mines (“MINEM”) of Peru. The FTA enables the Company to commence its drilling program at Elida subject to filing a notice for permit activation, the renewal of the Aco community agreement completed in May 2020 (the Aco community was declared an Indigenous community in 2020), and obtaining the local water permit which is ongoing. This exploration program will consist of 4,000 metres of in-fill drilling in and around the known copper intersections to complete a resource estimate in accordance with NI 43-101 and testing new target areas on the property. The Company’s preliminary exploration target is at Target 1, which has the potential of 200 to 500 million tonnes of mineralized material, with grades of 0.35-0.45% copper, 0.03-0.05% molybdenum, and 3.5-4.5 g/t silver. In parallel, the Company will undertake preliminary metallurgical studies.

## **PROJECT ACQUISITIONS**

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 exploration and evaluation assets and, to the best of its knowledge, including INGEMMET public records, title to the mineral properties remains in good standing.

In April 2019, the Company acquired from Globetrotters, a private company incorporated under the laws of British Columbia, Canada, two advanced copper projects located in Peru. The projects acquired were the Flor de Cobre copper project (“Flor de Cobre”) and the Elida copper project (“Elida”). The purchase price of \$2,811,250 was settled through an issuance of 28,112,501 common shares of the Company. Globetrotters also retained a 2% net smelter royalty (“NSR”) on the projects. The Company and Globetrotters share certain directors in common.

In September 2019, the Company was successful in acquiring an additional three claims through a government auction process located to the north east of Flor de Cobre, which was named the San Jose property.

In November 2019, the Company acquired the Pahuay Copper Skarn Project (“Pahuay”) and the Muñaorjo Copper Skarn Porphyry Project (“Muñaorjo”) from Globetrotters for \$1,500,000. In December 2020, in connection with the Company’s IPO, 3,750,000 common shares of the Company were issued to Globetrotters as payment for the acquisition. Globetrotters also retained a 2% NSR on the project.

## **PROJECT DETAILS - PERU**

### **FLOR DE COBRE COPPER PROJECT**

The Company owns 100% of the Flor de Cobre Copper Project. In addition, the Company has the option to earn 100% of certain concessions (“Candelaria concessions”) from a Peruvian vendor of 127.12 hectares

The Company can earn 100% interest in the Candelaria concessions at Flor de Cobre by making option payments to the vendor in the total amount of approximately US\$5 million over five years between 2020 and 2024. An additional US\$6 million payment would be due on the positive feasibility study for the concession area.

The Flor de Cobre property is located in the Southern Peru Copper Belt, which hosts numerous porphyry copper deposits including the Cerro Verde copper-molybdenum mine operated by Freeport-McMoRan; the Cuajone and Toquepala copper-molybdenum mines operated by Southern Copper; and the Quellaveco copper-molybdenum project under construction by Anglo American (Figure 1). Flor de Cobre is 8 kilometres northwest of the Chapi mine and ~30 kilometres southeast of the Cerro Verde mine. The property contains the Candelaria historic copper resource first identified in the 1960s and was the site of a historical small-scale copper mining operation since that time.

Flor de Cobre is located 45 kilometres southeast of Arequipa at a modest elevation of ~2,650 metres with excellent infrastructure for mine development with respect to roads, power lines and port access (Figure 1 and Figure 2).

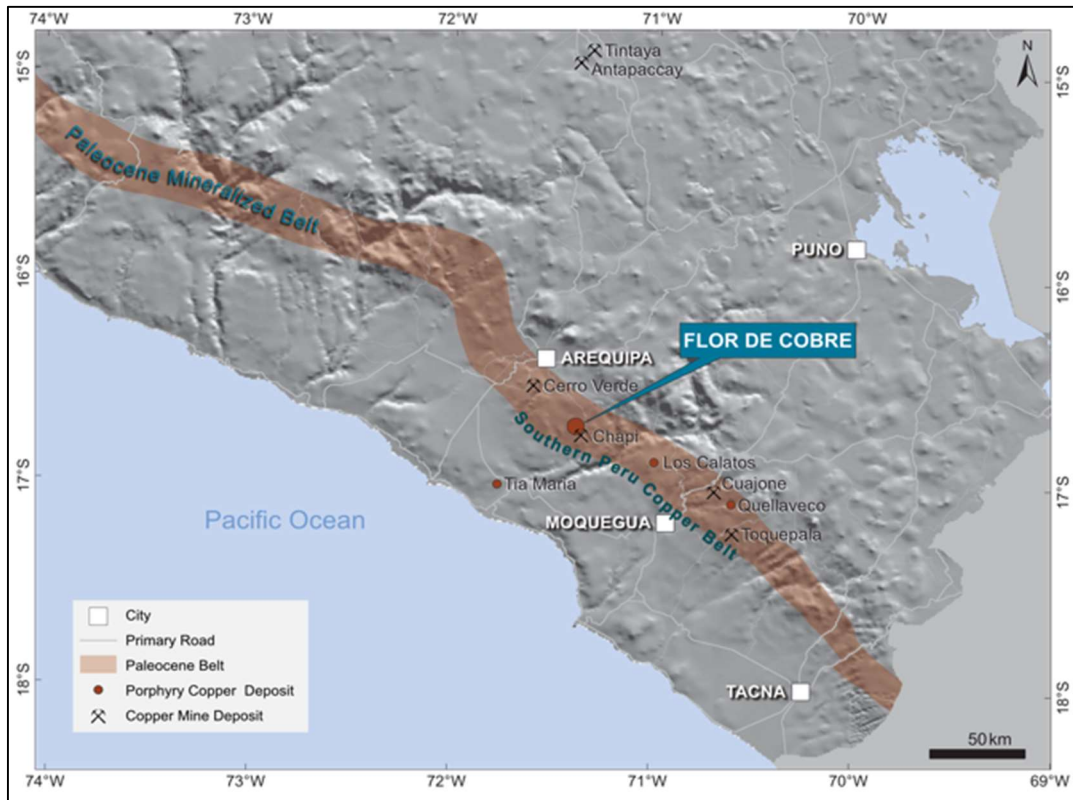


Figure 1. Flor de Cobre Project location.

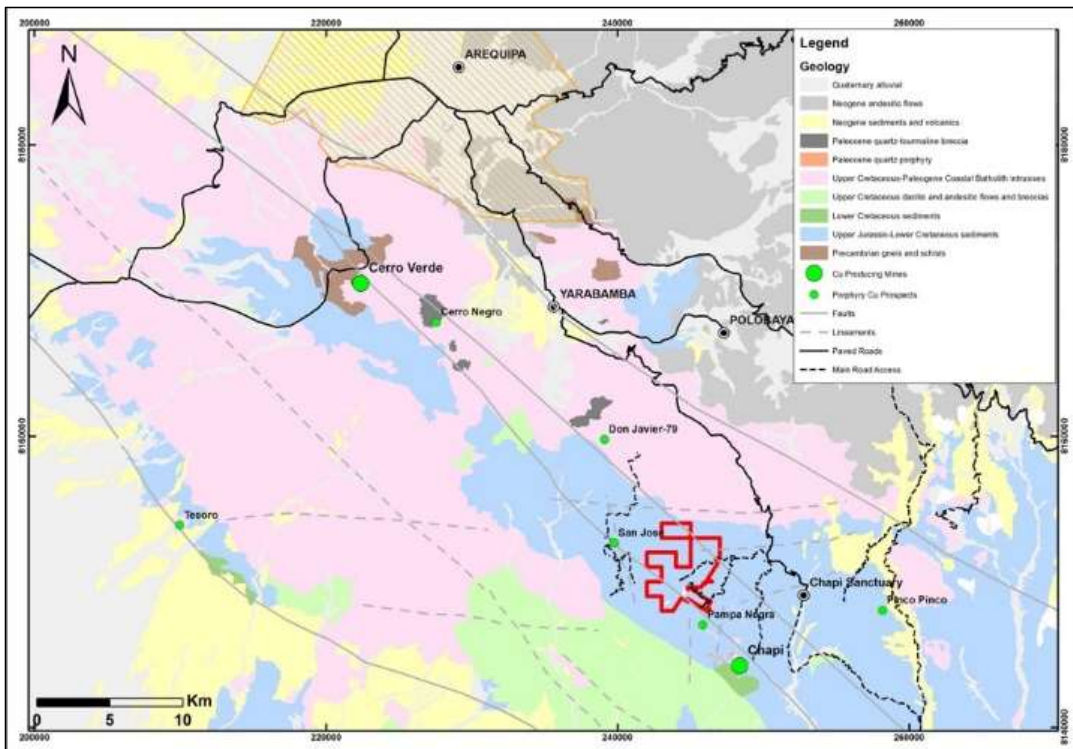


Figure 2. Regional geology and infrastructure.

The Flor de Cobre property is made up of seven mining concessions and two concession applications totalling 1,927 hectares. Individual concessions are shown in Figure 3.

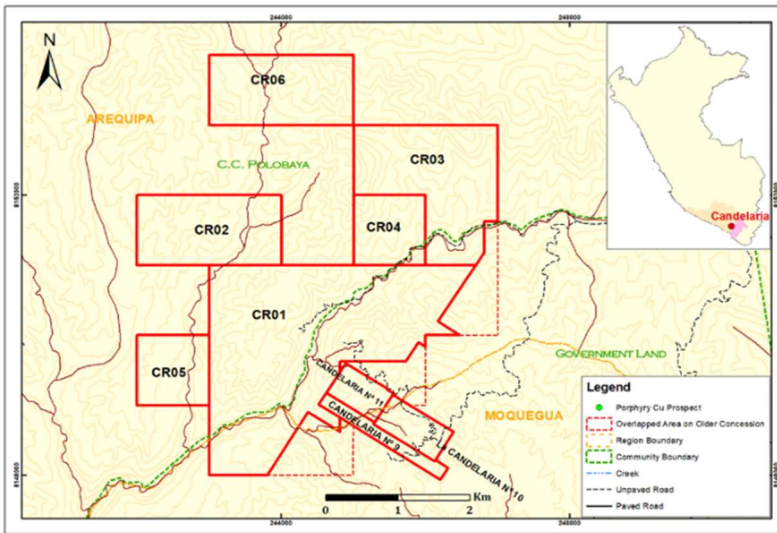


Figure 3. Flor de Cobre property concession map.

### Candelaria Historic Copper Resource

Historical drilling by prior operators in the Candelaria area was very limited in scope but led to the discovery of an historic resource of 57.4 million tonnes at a grade of 0.67% copper, using a 0.2% copper cut-off grade in the near-surface supergene enrichment zone containing secondary copper oxides and sulfide, the majority of which is on the property. The property also covers a second porphyry copper target (“Atravezado”) that is located 1.5 kilometres northwest of Candelaria.

The original source of the historical estimate is a press release issued by Rio Amarillo Mining Ltd. (Rio Amarillo Mining Ltd., November 15, 1996: Aija Property Drill Results). This historical estimate is relevant to the Flor de Cobre property as it suggests supergene-enriched mineralization of interest may be present at Candelaria. The parameters, assumptions and methods used to calculate the historical estimate are unknown. Additionally, the historical estimate does not use the resource categories as found in CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) and the differences to the CIM categories are not known. It is also unclear what portion of this historical resource estimate is within the current Flor de Cobre property configuration. A qualified person has not done sufficient work to classify the historical estimate as a current mineral resource, and it is unclear what work might be required to confirm the resource. For these reasons, the historical estimate is should not be relied upon. The Company is not treating the historical estimate as a current mineral resource.

### Property Geology

The Flor de Cobre property is interpreted to host a porphyry copper-molybdenum system called the “Candelaria Porphyry”, which possesses geological characteristics like other porphyry deposits in the Southern Peru Copper Belt (Figure 1). Two distinct forms of mineralization are recognized:

- a) Hypogene sulfide mineralization including disseminated and veinlet-controlled chalcopyrite and molybdenite distributed within quartz monzonite porphyry stocks and their immediate wall rocks; and
- b) Supergene mineralization containing secondary copper oxides and sulfides formed by weathering and redistribution of primary hypogene mineralization into sub-horizontal, tabular bodies located beneath remnants of a leached cap that has been dissected through erosion. Chalcocite is the dominant secondary sulfide mineral, with malachite, chrysocolla, and tenorite as the most abundant copper oxide minerals.

The copper mineralization outlined at Candelaria is associated with a complex of quartz monzonite porphyry stocks that have intruded into Jurassic to early Cretaceous siliciclastic sedimentary rocks. These porphyry stocks and adjacent sedimentary rocks contain early generations of quartz veins (A-type veins) and are accompanied by potassic alteration.

This early stage of veining and alteration is overprinted by an intense phyllic alteration event with associated D-type quartz veins. The exhumation and weathering of these phyllic altered porphyries and adjacent host rocks have resulted in the leaching and redistribution of copper mostly as secondary chalcocite into a supergene enrichment blanket which is known to host the historical copper resource. The supergene enrichment blanket is 850 x 1,000 metres, ranges in thickness from 5 metres up to 126 metres and is located less than 200 metres from surface along the base of a hematitic leached cap zone.

Previous exploration by Rio Amarillo during the 1990s focused primarily on the delineation of supergene copper mineralization at Candelaria with very little interest in exploring for lower grade primary copper sulfides at depth below the supergene enrichment blanket. Several drill holes were extended beyond the supergene enrichment blanket into the mineralized porphyry stocks below including drill hole K-008, which intersected 156 metres of 0.58% copper as hypogene copper sulfide mineralization from a depth of 194 metres to the end of the hole at 350 metres. These results suggest the quartz monzonite porphyry stocks are well mineralized below the supergene enrichment blanket and have the potential to host a sizeable hypogene copper system at depth. The original source of the historical mineralized intervals in diamond drill hole K-008 is a press release issued by Rio Amarillo Mining Ltd. (Rio Amarillo Mining Ltd., March 1, 1994: Drilling Results from Candelaria Project; Cominco's Option to Lapse on Guabisay Project). These historical assay results are relevant to Flor de Cobre as they suggest supergene-enriched copper mineralization of interest may be present at Candelaria. They also suggest hypogene (primary) sulfide mineralization may be present beneath supergene mineralization. The diamond drill core from K-008 and sample reject material is not available for geochemical analysis, which prevents a qualified person from verifying these copper geochemical results. For these reasons, the historical copper geochemical assay results from diamond drill hole K-008 should not be relied upon.

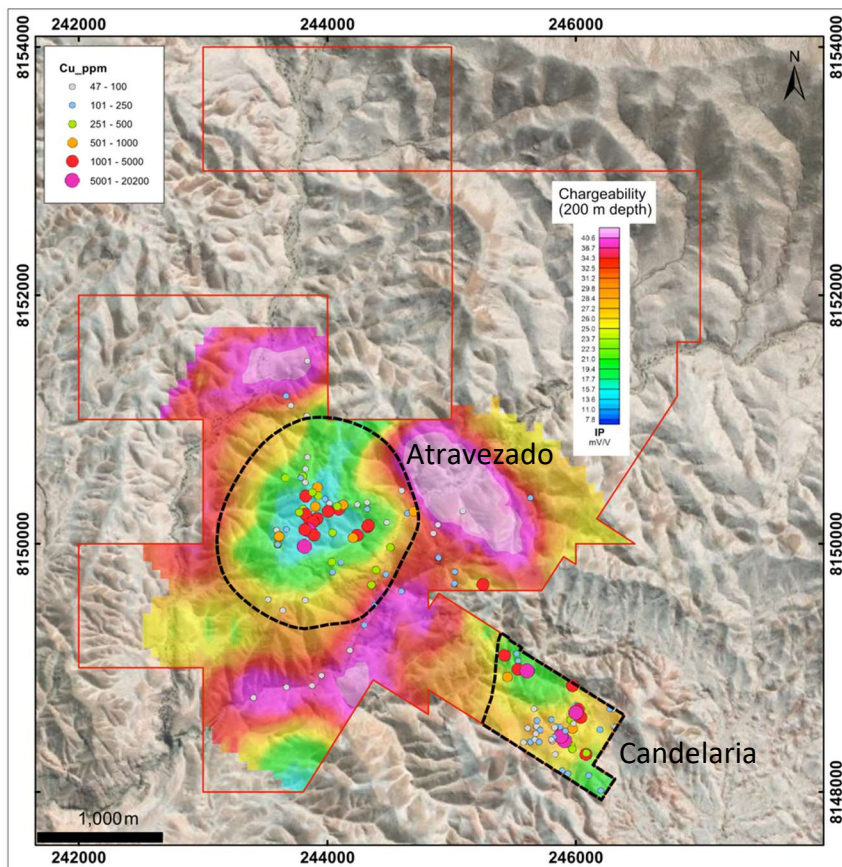


Figure 4. Chargeability response at 200 metres depth on the Flor de Cobre property with copper in outcrop geochemistry.

## 2021 Exploration Program

Upon receipt of the necessary permits, the Company plans to initiate a drill program consisting of approximately 3,700 metres of diamond drilling in the area of previous drilling shown in Figure 5. A total of 2,183 metres are allocated to twin nine legacy drill holes to verify the accuracy of the existing historical geochemical assay and drill logs database, which were obtained by Element 29 as part of the option agreement for Candelaria. Based on Element 29’s assessment, the geochemical assay results from these nine drill holes outlined in **Error! Reference source not found.** make up approximately 70% of the total copper metal content from the historical supergene copper resource. The potential verification of these assay results would provide the level of confidence needed for the completion of a resource estimate that would meet CIM best practice guidelines. Metallurgical test work will also be carried out on the drill core from the 2021 program to determine if the supergene copper resource is amenable to low-cost leaching and SXEW processing.

The remaining 1,517 metres allocated to the 2021 drill program will be used to test the hypogene copper sulfide potential below the supergene enrichment blanket to depths of more than 500 metres as well as to test the extension of this mineralization along strike to the northwest of the existing drill hole array as outlined in Figure 5. The Company will also continue to progress the drill permitting for Atravezado in preparation for initial drill-testing of a priority coincident surface geochemical and geophysical target.

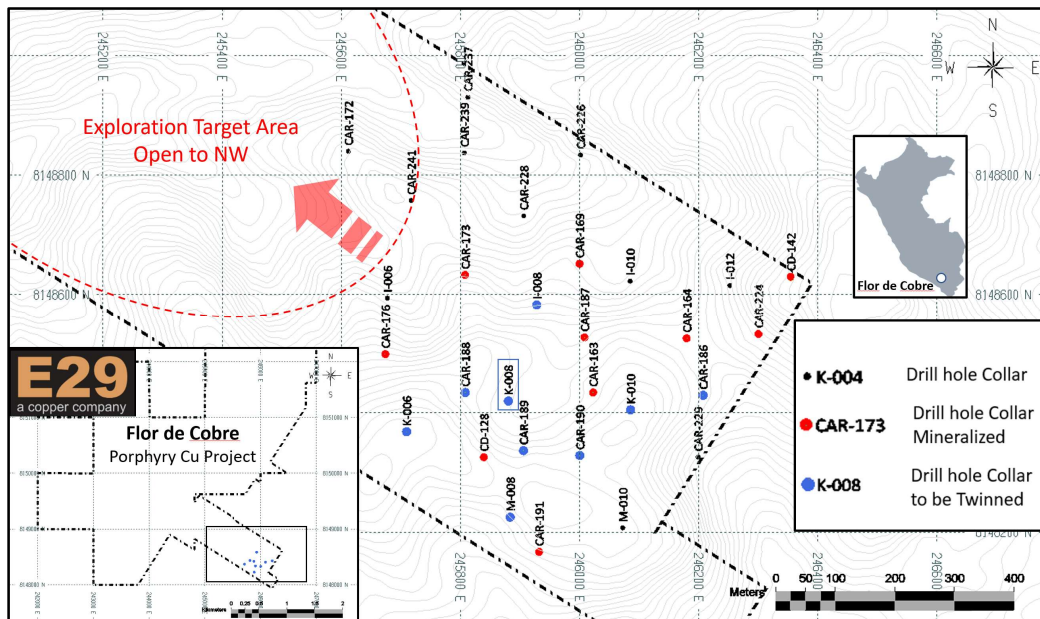


Figure 5. Historical drill hole locations at Candelaria with the nine drill holes proposed for twinning outlined in blue as well as a target area to the northwest of the current drilling which is currently untested. The location of drill hole K-008 is also highlighted toward the centre of the drill hole array.



*Table 1. Intervals showing total copper (CuT) results from 9 legacy drill holes selected by Element 29 for twinning as part of the 2021 drill program. The objective of twinning holes is to potentially verify the accuracy of historical results. Drill hole intercepts in this table were prepared by Christopher Keech (P.Geol.), Principal Geologist for CGK Consulting Services Inc. Mr. Keech is a Qualified Person as set out in National Instrument 43-101 and is independent of Element 29 Resources.*

Drill Hole ID	From (m)	To (m)	Length (m)	CuT (%)	Hole Type	Drilled By	Year
I-008	29.1	146.8	117.7	0.292	Core	Rio Amarillo	1994
K-006	92.4	131.1	38.7	0.320	Core	Rio Amarillo	1994
K-008	78.1	350.0	271.9	0.930	Core	Rio Amarillo	1994
<i>including</i>	<i>78.1</i>	<i>325.4</i>	<i>247.3</i>	<i>0.996</i>			
K-010	114.8	148.3	33.5	0.513	Core	Rio Amarillo	1994
<i>including</i>	<i>114.8</i>	<i>130.4</i>	<i>15.6</i>	<i>0.726</i>			
M-008	73.1	207.0	133.9	0.353	Core	Rio Amarillo	1994
<i>including</i>	<i>75.4</i>	<i>117.2</i>	<i>41.8</i>	<i>0.497</i>			
CAR-186	66.0	168.0	102.0	0.323	RC	Phelps Dodge	1995
<i>including</i>	<i>68.0</i>	<i>102.0</i>	<i>34.0</i>	<i>0.494</i>			
CAR-188	66.0	256.0	190.0	0.675	RC	Phelps Dodge	1995
<i>including</i>	<i>68.0</i>	<i>256.0</i>	<i>188.0</i>	<i>0.678</i>			
CAR-189	76.0	208.0	132.0	0.390	RC	Phelps Dodge	1995
<i>including</i>	<i>76.0</i>	<i>106.0</i>	<i>30.0</i>	<i>0.864</i>			
CAR-190	10.0	230.0	220.0	0.464			
<i>including</i>	<i>12.0</i>	<i>114.0</i>	<i>102.0</i>	<i>0.565</i>	RC	Phelps Dodge	1995
<i>and including</i>	<i>132.0</i>	<i>158.0</i>	<i>26.0</i>	<i>0.484</i>			

Historical total copper (“CuT”) assay results and drill logs obtained by Element 29 from legacy drilling completed by Rio Amarillo Mining Ltd. and Phelps Dodge Corporation at Candelaria during the 1990s were used to calculate copper assay intervals for the select drill holes provided in Table 1 **Error! Reference source not found.** These historical assay results and drill logs are relevant to Flor de Cobre as they suggest supergene-enriched copper mineralization of interest may be present at Candelaria. Assay certificates were provided by Geochemical Lab Geolab Peru S.A. for assay results received by Phelps Dodge Corporation, but no assay certificates were obtained for the Rio Amarillo Mining Ltd. assay results. Additionally, none of the diamond drill core and sample rejects from these drill holes exist for geochemical analysis, which prevents a qualified person from verifying the copper geochemical results provided. For these reasons, the historical copper geochemical assay results from Table 1 should not be relied upon.

The Company is in the process of completing an Environmental Evaluation (EIA) approval for Candelaria from the Peruvian Ministry of Energy and Mines of Peru (MINEM). The EIA enables the Company to commence its drilling program at Candelaria, subject to filing a notice for permit activation and obtaining the local water permit. A separate permitting process will be initiated in mid-2021 for Atravezado, which is in a different jurisdiction from the Candelaria area, in preparation for initial drill-testing of a large exploration target evident in surface geochemistry and from geophysical response.

## ELIDA COPPER PROJECT

The Elida project is in the province of Ocos, in the district of Carhuapampa, Department of Ancash which is 170 kilometres northwest of Lima and roughly 80 kilometres from the coast. The property is accessible along paved and maintained unpaved roads that extend inland from the city of Barranca. Barranca is connected to Lima by the Pan American Highway (Figure 6).

The Property is made up of 28 mining concessions, totalling 19,210 hectares, as shown in Figure 7. There is currently one mineral concession internal to the Elida property and that concession is not the subject of this report. These concessions are currently registered in the name of Elida Resources SAC (Figure 7).

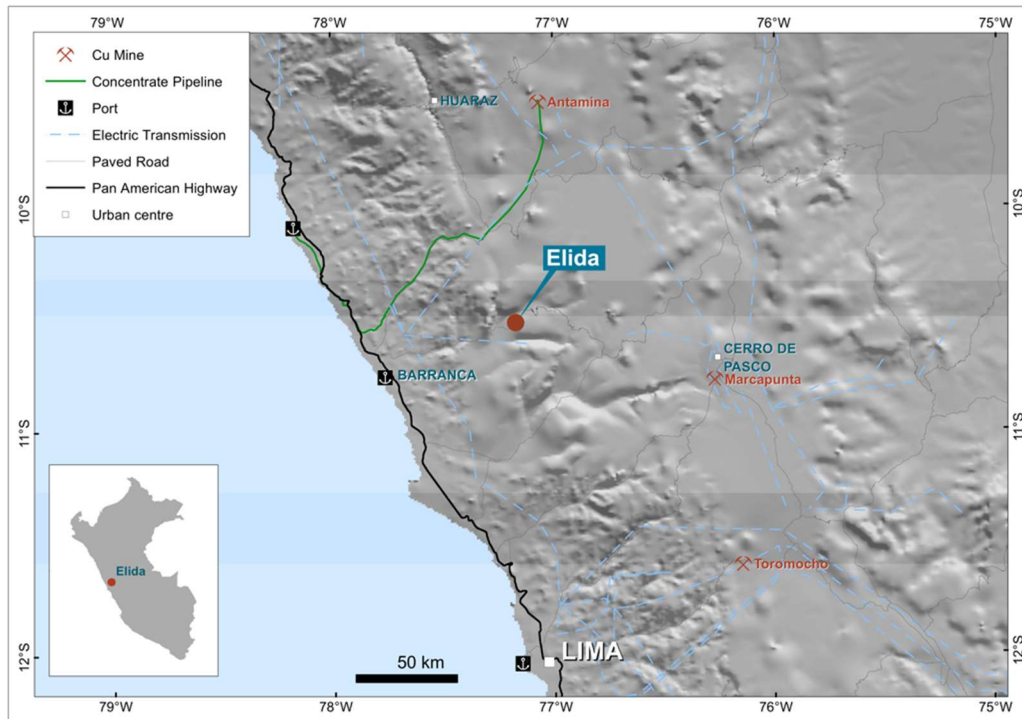


Figure 6. Elida property location map.

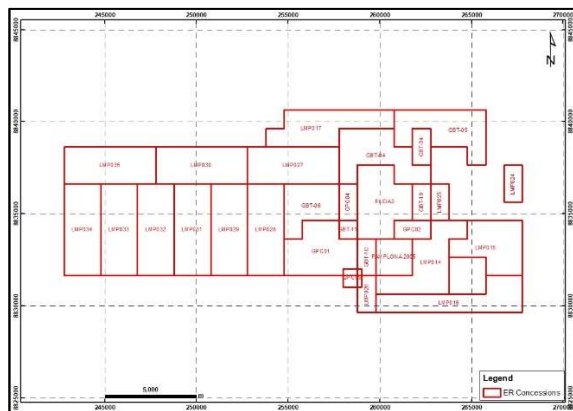


Figure 7. Elida property concession map.

The property was originally staked over a large, high-priority ASTER target situated in a new emerging porphyry belt in central Peru. The ground follow-up of this anomaly eventually led to the discovery of an untested porphyry copper-molybdenum centre that is part of a porphyry cluster enclosed by a 2 x 2 kilometre alteration zone. The porphyry system

is a multiphase complex of porphyry stocks and dikes, composed of quartz monzonite intruded into Cretaceous Casma volcanic, volcanoclastic and sedimentary rocks as well as the eastern margin of the Coastal Batholith. In the central part of the system, the Casma Group is a sequence of volcanic and volcanoclastic rocks intercalated with sandstone, calcareous sandstone, siltstone, and shales.

Lundin optioned the property and undertook an exploration program on the Elida property from 2013 to 2016 which consisted of regional and detailed geological mapping, drone topographic surveying, rock geochemistry, ground magnetics, ground induced polarization (“IP”), and ultimately the drilling of 18 diamond drill holes (“DDH”) (Figure 8, Figure 9).

Regional geological mapping was undertaken at a district scale of 1:10,000, with local detailed mapping at a scale of 1:2,500. A concurrent rock geochemistry sampling program was also completed; this part of the program included radiometric age-dating of four rock samples by a Uranium<sup>238</sup>/Lead<sup>206</sup> method on magmatic zircon. Eight lines of ground magnetics with a total coverage of 19.5 kilometres and 12 induced polarization/resistivity lines using a pole-dipole configuration, at 100 metres spacing along NW-SE oriented survey lines were conducted from January to March, 2014. Thirty additional lines of ground magnetic surveying, at 100 metres spacing, again with NE-SW oriented lines totalling 76.26 kilometres was carried out in July 2014.

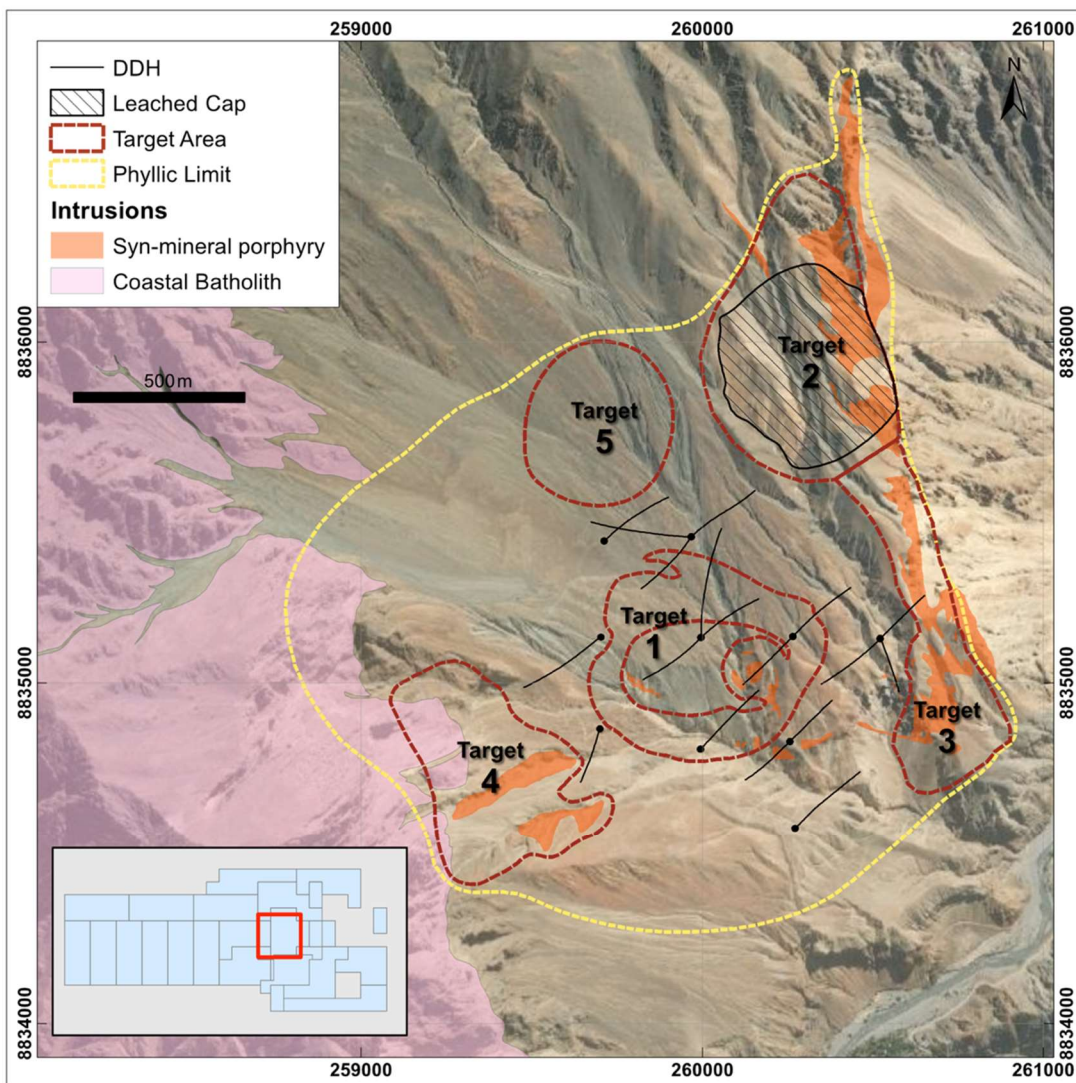


Figure 8. Elida exploration targets within a 2 x 2 kilometre zone of phyllic alteration. Drill holes are shown in and around Target 1.

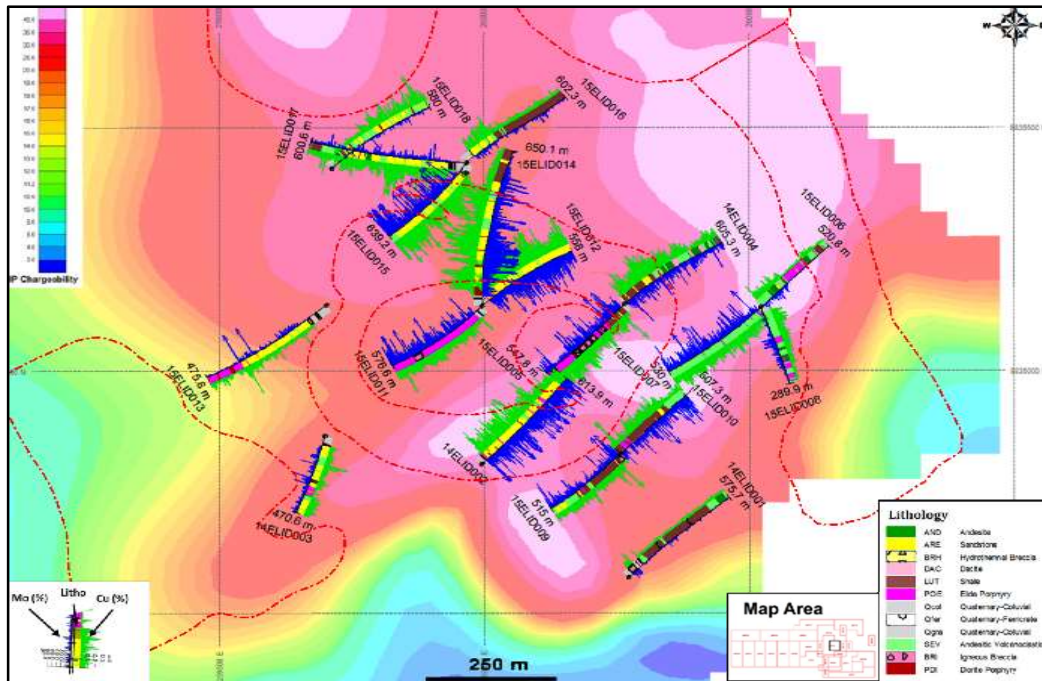


Figure 9. Map centred on Target 1. Drill holes have copper (green) and molybdenum (blue) histograms plotted along drill holes. The base is chargeability.

A total of 9,880 metres of diamond drilling in 18 drill holes was completed by Lundin in 2015. All holes intercepted copper-molybdenum mineralization and six of the holes intercepted significant copper-molybdenum mineralization. diamond drill hole 15ELID012 intersected an interval of 502.9 metres of 0.420% copper, 0.046% molybdenum, 3.23 g/t silver including 393.0 metres of 0.455% copper, 0.048% molybdenum, 3.58 g/t silver (Table 2). Some mineralized intercepts begin immediately below colluvial cover, demonstrating the mineralized system sub-crops beneath the post-mineral unconsolidated cover sequence.

Table 2. Elida 2014-15 summary of drilling results. Drill hole intercepts in this table were prepared by Christopher Keech (P.Geol.), Principal Geologist for CGK Consulting Services Inc. Mr. Keech is a Qualified Person as set out in National Instrument 43-101 and is independent of Element 29 Resources.

Drill hole ID	From (metres)	To (metres)	Length (metres)	CuEq <sup>1</sup> (%)	Cu (%)	Mo (%)	Au (g/t)	Ag (g/t)
14ELID002	46.0	613.9	567.9	0.436	0.280	0.048	0.006	2.52
including	49.7	76.0	26.3	0.541	0.432	0.025	0.006	3.91
and including	108.0	336.0	228.0	0.519	0.351	0.048	0.007	3.69
and including	382.0	448.0	66.0	0.468	0.299	0.055	0.008	1.89
14ELID004	24.0	331.0	307.0	0.388	0.304	0.023	0.005	2.12
including	42.0	67.0	25.0	0.454	0.357	0.028	0.006	1.95
and including	147.0	223.0	76.0	0.485	0.393	0.023	0.007	2.62
and	369.0	415.0	46.0	0.276	0.216	0.016	0.006	1.48
and	541.0	605.3	64.3	0.211	0.163	0.013	0.004	1.13
15ELID005	34.0	547.8	513.8	0.329	0.242	0.024	0.003	2.01
including	89.8	121.0	31.2	0.404	0.271	0.041	0.003	2.20
and including	339.0	365.0	26.0	0.506	0.395	0.029	0.003	3.37
and including	414.0	463.0	49.0	0.428	0.370	0.011	0.003	2.89
15ELID006	22.2	85.0	62.8	0.208	0.165	0.008	0.006	1.83
15ELID007	71.0	530.0	459.0	0.280	0.188	0.028	0.004	1.59
15ELID008	25.0	73.0	48.0	0.253	0.218	0.004	0.003	2.35
and	105.0	166.0	61.0	0.203	0.142	0.016	0.003	1.69
15ELID009	11.0	84.0	73.0	0.275	0.216	0.014	0.004	2.05
and	117.0	380.0	263.0	0.293	0.215	0.024	0.006	1.21
and	444.0	507.3	63.3	0.209	0.088	0.042	0.003	0.65
15ELID010	8.3	145.0	136.7	0.256	0.163	0.029	0.007	1.14
and	268.0	443.0	175.0	0.213	0.152	0.018	0.005	1.08
15ELID011	116.0	242.0	126.0	0.218	0.151	0.021	0.003	1.05
and	274.0	576.5	302.5	0.287	0.186	0.032	0.004	1.31
15ELID012	55.1	558.0	502.9	0.579	0.420	0.046	0.008	3.23
including	57.0	450.0	393.0	0.623	0.455	0.048	0.008	3.58
and including	484.0	558.0	74.0	0.466	0.346	0.035	0.007	2.17
15ELID014	70.0	532.0	462.0	0.492	0.335	0.047	0.007	2.89
including	80.0	176.0	96.0	0.582	0.433	0.037	0.012	4.33
and including	195.1	359.4	164.3	0.637	0.416	0.069	0.006	3.28
and including	435.9	477.0	41.1	0.470	0.363	0.023	0.009	4.23
15ELID015	93.6	639.2	545.6	0.480	0.329	0.042	0.008	3.60
including	199.6	306.2	106.6	0.585	0.421	0.040	0.010	5.12
and including	349.0	381.0	32.0	0.582	0.403	0.036	0.007	8.00
and including	396.0	428.0	32.0	0.586	0.419	0.048	0.008	3.51
and including	474.0	639.2	165.2	0.593	0.395	0.058	0.011	3.72
15ELID016	65.5	210.0	144.5	0.284	0.218	0.011	0.004	3.70
15ELID017	84.0	494.0	410.0	0.295	0.230	0.009	0.006	3.92
including	260.4	318.0	57.6	0.490	0.393	0.011	0.008	6.52
15ELID018	276.1	398.9	122.8	0.266	0.201	0.005	0.004	4.87
and	430.4	583.6	153.2	0.234	0.189	0.004	0.004	3.30

<sup>1</sup>The calculated Copper Equivalent (CuEq. (%)) grade was used to determine the significant intervals (>0.20% CuEq. and >30 m core length, with higher grade intervals using a >0.40% CuEq. and >15 m core length). \*CuEq. = Cu(%) + Mo(%) x 2.667 + Au (ppm) x 0.6320 + Ag (ppm) x 0.0097 (no metallurgy has been completed at Elida, therefore no metallurgical recovery was applied in the copper equivalent formula). Cu Price= \$3.00 USD/lb, Mo Price = \$8.00 USD/lb, Au Price=\$1,300.00 USD/oz, Ag Price=\$20.00 USD/oz.

Drilling and sampling was carried out by Lundin Mining Peru SAC (2014-2015). ALS-Global Laboratories in Lima, Peru, analysed the half-core by ME-ICP41, which includes 35 elements using an Aqua Regia digestion ICP-AES analysis and gold fire assay with an AA finish (Au-AA23). The over limits underwent ME-OG46 for ore grade elements using an Aqua Regia digestion. Reported widths are drill core lengths; true widths are unknown at this time. Assay values are uncut.

Core from the first 18-drill hole program, totaling 9,880 metres, was logged and sampled on site. A total of 5,612 rock samples, including core samples, were collected and analyzed by Au-AA23 and ME-ICP41 at ALS-Global Laboratories in Lima, Peru. Table 2 (above) presents a summary of the drill assay results. Spectral analysis of the rocks samples was also conducted, with a total of 5,065 readings completed at ALS Global Lab using a Terraspec™ instrument measuring VNIR and SWIR spectra. Systematic magnetic susceptibility and specific gravity measurements were also taken for every rock core sample. The remaining half core for all holes is stored at the Company's secure core storage facility located in Lima.

The Elida porphyry complex is a Cu-Mo-Ag mineralized multiphase porphyry system approximately 2 x 2 kilometres in size at surface, associated with Eocene aged quartz monzonite stocks, emplaced into the Cretaceous volcano-sedimentary sequence and a granodiorite member of Coastal Batholith. Elida is one of the first Eocene-age mineralized porphyry systems discovered in Peru.

The initial drill program by Lundin intersected a copper, molybdenum, silver, and zinc mineralized porphyry system centred on an early quartz-feldspar porphyry stock herein referred to as the 'Elida Porphyry Stock'. This stock has an elliptical shape in plan with dimensions approximately 300 x 500 metres and is elongated east-west. Porphyry mineralization displays a clear zonation from a central, high temperature core containing molybdenum and minor copper outward to a concentric copper-molybdenum zone that contains the better drill hole intersections. Silver is relatively common yet minor in content throughout the mineralization. Zinc is anomalous throughout the mineralized intervals and shows a crude zonation, increasing toward the outer limits of mineralization. Most of the mineralized porphyry rocks at surface are variably replaced by sericite and accompanying pyrite (phyllitic alteration) and modified by weathering. A leached profile is preserved at higher elevations within the porphyry complex. In-situ and transported hematitic leached capping is locally abundant. Both exotic and indigenous Cu-oxide minerals are present.

## **2021 Drill Program**

The 2021 exploration program will consist of 4,000 metres of in-fill drilling in and around the known copper mineralization at Target 1 to tighten up the drill spacing in order to complete a maiden mineral resource estimate in accordance with National Instrument 43-101 (anticipated completion by the end of 2021). Preliminary metallurgical studies are also planned to be completed from existing core from previous drilling.

The Company is pursuing an exploration target on the Elida Target 1 of 200 to 500 million tonnes, with grades of 0.35-0.45% copper, 0.03-0.05% molybdenum, and 3.5-4.5 g/t silver. This exploration target is based on the high-quality data from the 18 drill hole program of 9,880 metres completed by Lundin Mining Peru SAC, and surficial mapping and detailed interpretations undertaken by Lundin Mining Peru SAC and Globetrotters Resources Peru SAC. The potential quantity and grade of this exploration target is conceptual in nature; there is currently insufficient drilling data to define a mineral resource and it is uncertain if further exploration will result in this target being delineated as a mineral resource.

In July 2019, the Company received an FTA approval for Elida property from MINEM of Peru. The FTA enables the Company to commence its drilling program at Elida subject to filing a notice for permit activation, the renewal of the Aco community agreement completed in May 2020, (the Aco community was declared an Indigenous community in 2020) and obtaining the local water permit

## **PAHUAY COPPER SKARN PROJECT**

The Pahuay copper project is 100% owned by the Company, subject to a 2% NSR to Globetrotters, and consists of 700 hectares. The property is located 270 kilometres south of Lima within the eastern margin of the coastal batholith, along the probable northwest projection of the Paleocene mineralized belt of southern Peru and approximately 15 kilometres north of the Cerro Lindo polymetallic (zinc, lead, copper, gold, and silver) mine controlled by Nexa Resources Peru

SA (“Nexa”). Paleocene porphyry intrusions are emplaced into Cretaceous volcanoclastic rocks, siliciclastic sediments and limestones developing a 1.7 x 2.8 kilometre copper mineralized hydrothermal alteration zone. The mineralized area contains magnetite-garnet skarn formed in the limestones and phyllic alteration of the volcanoclastic units. Copper mineralization in the skarn consists of copper oxides, chalcopyrite and semi-massive magnetite. The central parts of the skarn system are anomalous in copper and molybdenum. Outcrop samples returned assays up to 4.4% copper and 0.05% molybdenum and the distal areas (zinc, copper and silver) returned assays up to 6.5% zinc. The project has not been drill-tested and is scheduled for preliminary geological mapping, rock sampling and geophysical surveys to help develop the drill targets (Figure 10, Figure 11).

Figure 10. Location of the Pahuay property, southern Peru.

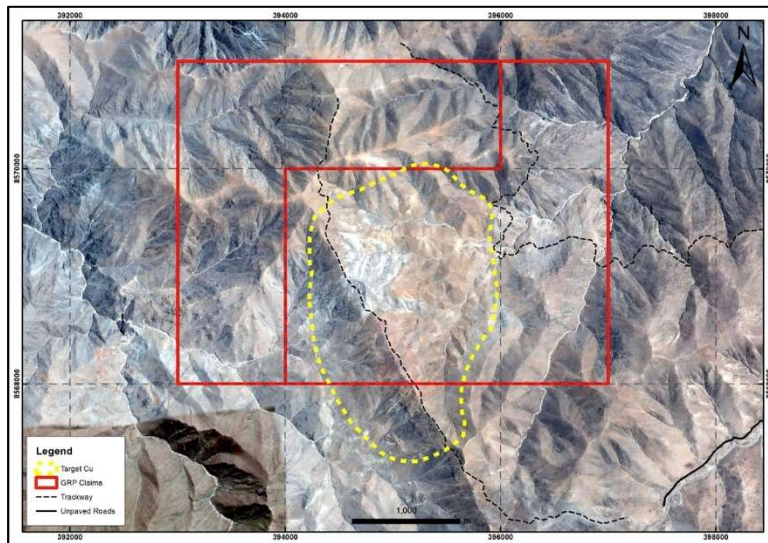
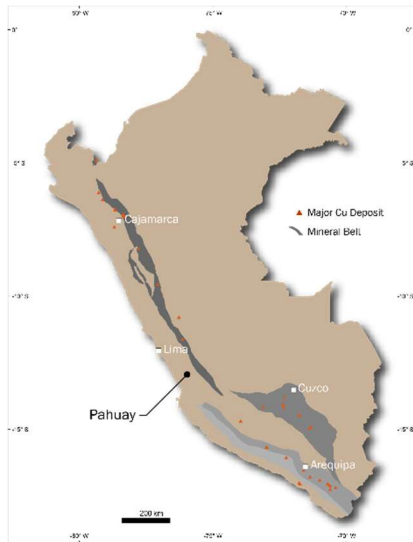


Figure 11. Pahuay concessions and copper exploration target shown as a dashed yellow outline.

## MUÑAORJO COPPER-SKARN-PORPHYRY PROJECT

The Muñaorjo project consists of 1,000 hectares and is 100% owned by Element 29, subject to a 2% NSR with Globetrotters. The project is located approximately 200 kilometres northeast of Arequipa, Peru within the Paleocene mineralized belt, which is host to several very large copper deposits including the Cerro Verde mine (Freeport-McMoRan) and the Toquepala mine (Southern Copper). The property covers limestone sequences and batholithic diorite and granodioritic rock units, and is centered on a large 4.3 x 1.3 kilometre hydrothermal alteration zone. Hydrothermal recrystallization in the limestone is extensive on the property and includes a central area containing skarn, quartz-limonite stockwork, hydrothermal brecciation, and associated strong copper mineralization exposed within a 480 x 280 metre area. Rock sample results for this area (58 rock samples) are highly anomalous and returned assay results up to 4% copper. The skarn is open to the northeast where it is covered by thin post mineralization Miocene tuff. The porphyry-related alteration continues to the northeast for another 1.5 kilometres. The work plan is to complete detailed geological mapping, rock chip sampling and magnetometer and IP-resistivity surveys to identify diamond drill targets (Figure 12, Figure 13).



Figure 12. Location of the Muñaorjo property in southern Peru.

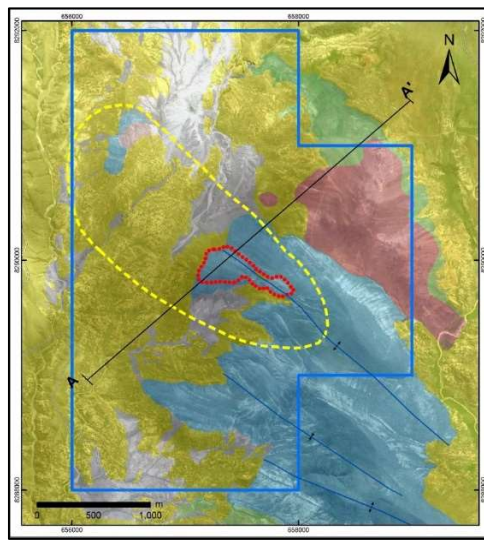


Figure 13. The Muñaorjo property showing the exploration target area as a yellow dashed line.



## FINANCIAL INFORMATION

### EXPLORATION AND EVALUATION ASSET EXPENDITURES

Expenditures for the year ended December 31, 2020 were as follows:

	Flor de Cobre	Elida	Pahuay and Muñaorjo	Total
Balance at December 31, 2019	\$ 1,148,499	\$ 2,859,246	\$ 1,504,563	\$ 5,512,308
Additions:				
Option payments	136,499	-	-	136,499
Geological and mapping	335	-	-	335
Geophysics	22,043	-	-	22,043
Permitting	2,986	4,667	-	7,653
Community, health, safety and environment	21,491	88,408	-	109,899
Concessions and taxes	5,481	117,031	6,201	128,713
Technical report	14,852	13,750	-	28,602
Property maintenance and administration	97,743	90,762	1,014	189,519
Balance at December 31, 2020	\$ 1,449,929	\$ 3,173,864	\$ 1,511,778	\$ 6,135,571

Expenditures for the year ended December 31, 2019 were as follows:

	Flor de Cobre	Elida	Pahuay and Muñaorjo	Total
Balance at December 31, 2018	\$ -	\$ -	\$ -	\$ -
Additions:				
Property acquisition cost	487,764	2,496,832	1,503,822	4,488,418
Option payments	165,803	-	-	165,803
Geological and mapping	14,190	318	-	14,508
Geophysics	116,808	-	-	116,808
Permitting	17,887	38,058	-	55,945
Community, health, safety and environment	7,626	6,598	-	14,224
Concessions and taxes	46,120	148,029	741	194,890
Technical report	23,310	-	-	23,310
Property maintenance and administration	268,991	169,411	-	438,402
Balance at December 31, 2019	\$ 1,148,499	\$ 2,859,246	\$ 1,504,563	\$ 5,512,308

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 exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, title to the exploration and evaluation assets remains in good standing.

#### Flor de Cobre Copper Project

Expenditures were related to modelling of the historical drill data (5,960 metres in 31 diamond drill holes and 29 reverse circulation holes) to generate optimal drill targets for cost-efficient verification of historical copper mineralization in the Candelaria target area. In parallel, the Company undertook permitting activities which included completion of an EIA required for a Category II permit that allows for over 20 drill holes on the Flor de Cobre property. The Company

also incurred expenditures related to property tax payments, payments to the optionor of the Candelaria concessions towards its earn-in on those claims, legal costs related to Candelaria Resources SAC subsidiary transfer to the Company from Globetrotters, and property site visits by third parties.

In addition, the Company completed a 28.9 line-kilometre ground geophysical induced polarization (“IP”) survey, along with the collection of 157 samples in a mapping program on the Atravezado Area in the northwestern part the property, which is fully within claims that are 100% owned by the Company. The results of these surveys identified a strong 1 x 1 kilometre geophysical anomaly coincident with strong surface copper geochemistry and porphyry style alteration.

### Elida Copper Project

Expenditures were incurred on modeling historical drill data (9,880 metres in 18 holes) in order to develop drill targets to facilitate delineation of copper mineralization in and around the historical drilling area. In parallel, the Company undertook permitting activities and entered into discussions for extension of the community agreement with the Aco community beyond its current term of 2020. The Company received an FTA approval for Elida from MINEM in July 2019. FTA approval allows Element 29 to commence drilling on the property subject to receipt of the activation to the permit and receipt of the water rights permit. The Company also incurred modest legal costs related to Elida Resources SAC subsidiary transfer to the Company from Globetrotters and costs related to property site visits by third parties.

### Pahuay and Muñaorjo Copper Projects

The Company acquired the projects in November 2019. No work has been done on the projects since the acquisition.

## SUMMARY OF CONSOLIDATED FINANCIAL OPERATING RESULTS

### Operating Results

	2020	2019
General and administrative expenses		
Administration and office	\$ 98,952	\$ 69,853
Consulting	16,723	14,330
Investor relations	174,068	151,769
Personnel costs	848,465	635,344
Professional fees	644,059	178,550
Foreign exchange gain	15,358	13,249
Share-based compensation	232,165	90,790
Other	1,598	1,166
Operating loss	2,031,388	1,155,051
Interest income	(5,692)	(22,420)
Interest expense	91,904	-
Accretion expense	381,506	-
Change in fair value of embedded derivatives	(414,653)	-
Loss and comprehensive loss for the period	\$ 2,084,453	\$ 1,132,631

Administration and office expenses were 42% higher compared to the same period in 2020 due mainly to regulatory expenses relating to the IPO completed in December 2020.

Personnel costs in 2020 were 33% higher compared to the same period in 2019 due to restructuring expenses and increased personnel and director related costs in conjunction with the IPO.

Professional fees in 2020 were higher compared to the same period in 2019 due to legal and accounting fees related to preparing and execution of the IPO which was completed in December 2020.

Interest expense, accretion expense and change in fair value of embedded derivatives in 2020 were related to the secured and unsecured convertible debentures which were converted into common shares and share purchase warrants upon completion of the Company's IPO in December 2020. See "Senior Secured Debenture Financing" and "Unsecured Convertible Debentures" sections below.

### *Quarterly Financial Data*

	Q4 20	Q3 20	Q2 20	Q1 20
Administration and office	\$ 50,858	\$ 23,983	\$ 11,789	\$ 12,322
Consulting	16,025	-	698	-
Investor relations	117,606	21,828	20,414	14,220
Personnel costs	346,022	140,062	176,863	185,518
Professional fees	423,732	124,872	68,694	26,761
Foreign exchange loss (gain)	49,345	24,861	47,742	(106,590)
Share-based compensation	65,226	-	166,939	-
Other	360	662	186	390
Operating loss	\$ 1,069,174	\$ 336,268	\$ 493,325	\$ 132,621

	Q4 19	Q3 19	Q2 19	Q1 19
Administration and office	\$ 14,343	\$ 36,491	\$ 15,550	\$ 3,469
Consulting	-	-	14,330	-
Investor relations	54,259	22,028	46,669	28,814
Personnel costs	174,856	168,316	205,928	86,245
Professional fees	72,054	19,101	59,498	27,897
Foreign exchange loss (gain)	32,754	(2,850)	9,600	(26,255)
Share-based compensation	-	38,635	-	52,155
Other	271	-	280	237
Operating loss	\$ 348,537	\$ 281,721	\$ 351,855	\$ 172,561

Overall, operating expenses have been increasing since Q1 2019 due primarily to legal and accounting fees related to preparing for the IPO completed in Q4 2020, general and administrative expenses related to the set up of the Company, and marketing expenses to increase the Company's exposure in capital markets. Personnel costs in Q4 2020 included a restructuring charge related to changes to the executive group and additional director costs.

**LIQUIDITY AND CAPITAL RESOURCES**

	2020	2019
Cash flows used in operating activities before working capital movements	\$ (1,809,055)	\$ (1,050,841)
Increase in receivables and prepaid expenses	(21,709)	(16,348)
Decrease in accounts payable and accrued liabilities	50,511	61,072
Cash flows used in operating activities after working capital movements	(1,780,253)	(1,006,117)
Cash flows used in investing activities	(306,006)	(932,685)
Cash flows from financing activities	7,881,404	2,315,750
Increase in cash and cash equivalents	5,795,145	376,948
Cash and cash equivalents - beginning of year	424,562	47,614
Cash and cash equivalents - end of year	\$ 6,219,707	\$ 424,562

Cash outflows after changes in non-cash working capital items in 2020 were 77% higher than in 2019 due mainly to legal and accounting expenses related to preparing for the IPO completed in Q4 2020, general and administrative items primarily related to the setup of the Company, and marketing expenses to increase the Company's exposure in capital markets.

Cash outflows from investing activities in 2020 were 67% lower than in 2019 due mainly to higher initial expenses related to the acquisition, property maintenance and exploration on its properties in 2019.

Cash inflows from financial activities in 2020 were mainly from the IPO completed in December 2020 which raised \$6.7 million gross proceeds.

**Contractual Obligations**

As at December 31, 2020, the Company had no contractual obligations outstanding.

**SENIOR SECURED DEBENTURE FINANCING**

In April 2020, the Company completed a senior secured convertible debenture financing (the "Senior Secured Debenture") for proceeds of \$1,500,000.

Interest equal to a rate of 8% (eight percent) per annum was compounded quarterly and the Senior Secured Debenture was secured by a pledge to the holder of the original share certificates of the Company's subsidiaries, Candelaria and Elida.

The Senior Secured Debenture was convertible immediately prior to the occurrence of a Liquidity Event (as hereinafter defined). If all, or any, of the indebtedness at that time remains unpaid, then such indebtedness shall automatically convert into Units (as hereinafter defined) at a 20% (twenty percent) discount to the Liquidity Event price (the "Liquidity Conversion Price"). Each Unit consists of one (1) common share of the Company (a "Common Share") and one half (0.5) of one common share purchase warrant of the Company (a "Warrant").

For the purposes of the Senior Secured Debenture, a "Liquidity Event" means (i) the listing of the Common Shares on a recognized exchange acceptable to the holder, together with a concurrent financing from arm's length third party investors of not less than \$5,000,000; (ii) the sale of all or substantially all of the assets of the Company for cash proceeds or for securities provided that such securities are listed and posted for trading on a stock exchange; or (iii) the amalgamation, merger, arrangement, reverse takeover or any other corporate transaction involving the Company with or into another entity pursuant to which the common shares of the resulting issuer from such transaction are listed on a stock exchange together with a concurrent financing from arm's length third party investors of not less than \$5,000,000.

As a result of the variability in the number of shares issuable under the convertible debentures, the cash received under each of the convertible debentures had been allocated between the fair value of the loan conversion feature, which is considered an embedded derivative liability, and the value of the loan liability. The value ascribed to the loan

conversion feature is determined using the Black Scholes option pricing model as at the loan date, and the residual amount has been allocated to the loan liability.

On December 3, 2020, the Company completed its IPO for total proceeds of more than \$5,000,000 and accordingly the debenture was converted into units. The fair value of the derivative at conversion was \$389,585. The Senior Secured Debenture, which included the liability component of \$1,169,020 and the derivative component of \$389,585, was converted into a total of 3,895,707 Units at a value of \$1,558,605.

## **UNSECURED CONVERTIBLE DEBENTURES**

In January 2020, the Company issued unsecured convertible debentures (the “Debentures”) for gross proceeds of \$295,000. Commissions in the amount of \$13,140 were paid in connection with the Debentures (the “Finance fees”).

The Debentures were convertible into units of the Company (“Units”) consisting of one (1) common share of the Company (a “Common Share”) and one half (0.5) of one common share purchase warrant of the Company (a “Warrant”).

The Debentures were subject to interest equal to 8% of the par value of a Debenture outstanding per year. The Debentures, including accrued and unpaid interest owing, automatically convert into Units at the Liquidity Conversion Price upon a Liquidity Event or on Maturity at the Holders’ Conversion Price.

For the purposes of the Debentures, a “Liquidity Event” means (i) the listing of the Common Shares on a recognized exchange; (ii) the sale of all or substantially all of the issued and outstanding Common Shares or all or substantially all of the assets of the Company for cash proceeds or for securities provided that such securities are listed and posted for trading on a stock exchange; or (iii) the amalgamation, merger, arrangement, reverse takeover or any other corporate transaction involving the Company with or into another entity pursuant to which the common shares of the resulting issuer from such transaction are listed on a stock exchange.

As a result of the variability in the number of shares issuable under the convertible debentures, the cash received under each of the convertible debentures has been allocated between the fair value of the loan conversion feature, which is considered an embedded derivative liability, and the value of the loan liability. The value ascribed to the loan conversion feature is determined using the Black Scholes option pricing model as at the loan date, and the residual amount has been allocated to the loan liability.

On December 3, 2020, the Company completed its IPO and accordingly the debenture was converted into units. The fair value of the derivative at conversion was \$78,947. The Debenture, which included the liability component of \$185,508 and the derivative component of \$78,947, was converted into a total of 789,428 Units at a value of \$264,455.

## **SHAREHOLDERS’ EQUITY**

The Company’s authorized share capital consists of unlimited common shares without par value. At December 31, 2020, the Company had 66,791,368 (December 31, 2019 – 45,645,833) shares issued and outstanding and at the date of this MD&A, the Company had 68,281,368 shares issued and outstanding.

The Company’s share capital transactions for the year ended December 31, 2020 as follows:

- In December 2020, the Company completed an IPO issuing a total of 13,310,400 units at a price of \$0.50 per unit for gross proceeds of \$6,655,200. Each unit comprises one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.70 per warrant for a period of 3 years. Commissions, legal fees, and corporate finance fees in the amount of \$623,099 were paid in connection with the IPO. In addition, 50,000 common shares and 718,624 warrants of the Company were issued as corporate finance fee compensation.
- In December 2020, in connection with the Company’s IPO, \$1,500,000 of a senior secured convertible debenture and \$295,000 of unsecured convertible debentures, including accrued interest payable, accretion and embedded derivative fair value adjustments, were converted into 3,895,707 units and 789,428 units, respectively. Each unit comprises one common share of the Company and one-half of one common share purchase warrant. Each warrant is exercisable into one common share of the Company

at an exercise price of \$0.50 per warrant for a period of 3 years (converted senior secured convertible debenture) or 1 year (converted unsecured convertible debentures).

- In December 2020, in connection with the Company's IPO, 3,750,000 common shares of the Company were issued to Globetrotters as payment for the acquisition of Pahuay.
- The Company issued 350,000 common shares at prices ranging from \$0.10 to \$0.30 per common share through the exercise of share options.
- The Company cancelled 1,000,000 common shares with a value of \$100,000 when the Non-Executive Chairman resigned and cancelled the related promissory note receivable.

The Company issued share capital during the year ended December 31, 2019 as follows:

- The Company issued 28,112,501 common shares at a price of \$0.10 per common share with a value of \$2,811,250 to Globetrotters.
- The Company completed a non-brokered private placement of 2,467,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$246,700.
- The Company issued 3,500,000 common shares of the Company at a price of \$0.10 per share to the Chief Executive Officer and Vice President of Business Development of the Company in return for promissory notes receivable.
- The Company completed a non-brokered private placement of 7,046,331 common shares at a price of \$0.30 per common share for gross proceeds of \$2,113,899. Commissions in the amount of \$44,849 were paid in connection with this private placement.

### **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 "Board").

The Company uses the Black-Scholes option pricing model to determine the fair value of share 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 Consolidated Statements of Comprehensive Loss.

As at December 31, 2020, the Company had 3,365,000 stock options outstanding and exercisable.

Subsequent to December 31, 2020, stock options to purchase 1,490,000 common shares with exercise prices ranging from \$0.10 to \$0.50 were exercised and the Company received gross proceeds of \$159,000. In addition, on February 4, 2021, the Company granted incentive stock options to certain directors, officers, and consultants to purchase an aggregate of 2,525,000 common shares of the Company at a price of \$0.45 per common share.

The following is a summary of share options outstanding as at the date of this MD&A:

Number of share options	Number of share options vested	Exercise price per share option \$	Expiry date
300,000	300,000	0.30	August 23, 2024
200,000	66,667	0.30	May 19, 2025
850,000	283,333	0.30	June 25, 2025
150,000	50,000	0.30	June 29, 2025
150,000	50,000	0.50	October 28, 2025
225,000	75,000	0.50	November 9, 2025
2,525,000	1,262,500	0.45	February 4, 2026
4,400,000	2,087,500		

### Share Purchase Warrants

As part of the Company's IPO, the Company issued 6,655,200 share purchase warrants. Each whole warrant will entitle the holder to acquire one additional common share of the Company at a price of \$0.70 per share for a period of 3 years.

In connection with the Company's IPO, the Company issued 718,624 share purchase warrants with a fair value of \$179,340 as corporate finance fees to a syndicate of agents. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.50 per warrant for a period of 3 years. The fair value per warrant was determined using the following assumptions using the Black-Scholes option pricing model: risk-free interest rate of 0.40%; expected life of 3 years; expected volatility of 102.46%; and expected dividend of Nil.

At December 31, 2020 and at the date of this MD&A, the following share purchase warrants were outstanding:

Number of share purchase warrants	Exercise price per share purchase warrant \$	Expiry date
394,714	0.50	December 3, 2021
6,655,200	0.70	December 3, 2023
2,666,478	0.50	December 3, 2023
9,716,392		

No share purchase warrants were exercised at the date of this MD&A.

## OTHER DISCLOSURES

### Off-Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements as at the date of this MD&A.

### 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, the former Non-executive Chairman, and the former Vice President of Business Development.

Direct remuneration paid to the Company's directors and key management personnel during the year ended December 31, 2020 and 2019 was as follows:

	2020	2019
Salaries and benefits – personnel costs	\$ 325,731	\$ 279,515
Consulting fees – personnel costs	442,958	347,954
Directors' fees – personnel costs	75,539	7,875
Share-based compensation	178,355	60,501
	<b>\$ 1,022,583</b>	<b>\$ 695,845</b>

As at December 31, 2020, included in accounts payable and accrued liabilities was an amount of \$8,939 (2019 - \$6,600) due to the Company's Chief Financial Officer and \$9,639 (2019 - \$Nil) due to directors of the Company.

The Company issued common shares of the Company to certain executives in exchange for promissory notes (the "Promissory Note") to the Company.

In November 2018, the Non-Executive Chairman was issued 1,500,000 common shares of the Company in exchange for a Promissory Note of \$150,000. The Non-Executive Chairman's Promissory Note bears interest at 2% per annum, matures on April 1, 2022 and is secured by the 1,500,000 common shares of the Company acquired with the Promissory Note and are held in escrow. In January 2020, the Non-Executive Chairman repaid \$51,250 of the outstanding balance. In May 2020, the Non-Executive Chairman resigned from the Company and cancelled the remaining balance of the Promissory Note. As a result, 1,000,000 common shares in relation to this Promissory Note were returned to treasury and cancelled.

In January 2019, the Chief Executive Officer was issued 2,000,000 common shares of the Company in exchange for a Promissory Note of \$200,000. The Chief Executive Officer's Promissory Note bears interest at 2% per annum, matures on September 15, 2022 and is secured by the 1,500,000 common shares of the Company acquired with the Promissory Note and are held in escrow. For the year ended December 31, 2020, the Chief Executive Officer repaid \$96,149 (2019 - \$50,000) of the Promissory Note.

In February 2019, the Vice President of Business Development was issued 1,500,000 common shares of the Company in exchange for a Promissory Note of \$150,000. The Vice President of Business Development's Promissory Note bears interest at 2% per annum, matures on September 1, 2022 and is secured by the 1,500,000 common shares of the Company acquired with the Promissory Note and are held in escrow. In November 2020, the Vice President of Business Development resigned from the Company and repaid the remaining balance of the Promissory Note.



The following is a continuity schedule of Promissory Notes:

Balance at January 1, 2019	\$	150,000
Promissory note advances		350,000
Repayments		(50,000)
Interest		9,000
Balance at December 31, 2019		459,000
Repayments		(301,899)
Cancellation		(100,000)
Interest		355
<b>Balance at December 31, 2020</b>	\$	<b>57,456</b>
Current portion		-
Non-current portion	\$	57,456

Name	Position	Initial Loan	Interest	Repayments	Balance at December 31, 2020
Brian Booth	Director and Chief Executive Officer	\$ 200,000	\$ 3,605	\$ (146,149)	\$ 57,456

## CRITICAL ACCOUNTING ESTIMATES AND POLICIES

### Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

Significant areas requiring the use of management estimates and judgments include:

- I. The determination of the fair value of the Company's equity instruments for the calculation of the share-based compensation.
- II. The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.
- III. The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.
- IV. The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the

purpose of providing a return in the form of dividends, lower costs or economic benefits. The acquisition of Candelaria, Elida and Pahuay was determined to constitute an acquisition of assets.

- V. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, results of operations and the timing of proposed transactions at this time.

## 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, promissory notes receivables, accounts payable and accrued liabilities, and loan payable.

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 December 31, 2020 and 2019:

December 31, 2020	FVTPL	Amortized cost (financial assets)	Amortized cost (financial liabilities)	Total
<b>Financial assets</b>				
Cash and cash equivalents	\$ -	\$6,219,707	\$ -	\$ 6,219,707
Receivables	-	38,177	-	38,177
Promissory notes receivable	-	57,456	-	57,456
Total financial assets	\$ -	\$6,315,340	\$ -	\$ 6,315,340
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 200,937	\$ 200,937
Loan payable	-	-	40,000	40,000
Total financial liabilities	\$ -	\$ -	\$ 240,937	\$ 240,937

<b>December 31, 2019</b>	<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	\$ -	\$ 424,562	\$ -	\$ 424,562
Receivables	-	45,314	-	45,314
Promissory notes receivable	-	459,000	-	459,000
<b>Total financial assets</b>	<b>\$ -</b>	<b>\$ 928,876</b>	<b>\$ -</b>	<b>\$ 928,876</b>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 150,427	\$ 150,427
<b>Total financial liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150,427</b>	<b>\$ 150,427</b>

## b) Financial risk management

*i) Credit risk*

The Company's credit risk is primarily attributable to cash and cash equivalents and promissory notes receivables.

The Company limits its credit exposure on cash held in bank accounts by holding its key transactional bank accounts with large, highly rated financial institutions. The credit risk with promissory notes receivable is low since the amounts are owing from related parties and are secured.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

*ii) Liquidity risk*

The Company manages liquidity risk by trying to maintain enough cash balances to ensure that it is able to meet its short term and long-term obligations as and when they fall due. Company-wide cash projections are managed centrally and regularly updated to reflect the dynamic nature of the business and fluctuations caused by commodity price and exchange rate movements.

The Company's operating results may vary due to fluctuation in commodity price, inflation and foreign exchange rates.

*iii) Market risks*Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents and promissory notes receivable. The Company does not believe that it is exposed to material interest rate risk on its cash and cash equivalents and promissory notes receivable.

As at December 31, 2020, the Company has not entered into any contracts to manage interest rate risk.

Foreign exchange risk

The functional currency of the parent and its subsidiaries is the Canadian dollar. A portion of the Company's operating expenses are in US\$ and Peruvian soles.

As at December 31, 2020, the Company has not entered into contracts to manage foreign exchange risk.

The Company is exposed to foreign exchange risk through the following assets and liabilities:

	2020	2019
Cash and cash equivalents	\$ 732,572	\$ 91,263
Accounts payable and accrued liabilities	-	(21,191)
	\$ 732,572	\$ 70,072

As at December 31, 2020, with other variables unchanged, a 5% increase or decrease in value of the USD against the currencies to which the Company is normally exposed (C\$) would result in an insignificant change in net loss.

### 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.

## RISKS AND UNCERTAINTIES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates.

Measurement of the Company's assets and liabilities is subject to risks and uncertainties, including those related to title to mineral properties; future commodity prices; future costs of restoration provisions; changes in government legislation and regulations; future income tax amounts; the availability of financing; and various operational factors.

E29 is a mineral exploration and development company and is exposed to a number of risks and uncertainties due to the nature of the industry in which it operates and the present state of development of its business and the foreign jurisdictions in which it carries on business; some of these risks and uncertainties have been discussed elsewhere in this MD&A. The following factors are those which are the most applicable to the Company. The discussion which follows is not inclusive of all potential risks.

### *Exploration Stage Company*

The Company is an exploration stage company and cannot give any assurance that a commercially viable deposit, or "reserve," exists on any properties for which the Company currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic, and environmental factors. If the Company fails to find a commercially viable deposit on any of its properties, its financial condition and results of operations will be materially adversely affected.

### *No Mineral Reserves*

Currently, there are no mineral reserves (within the meaning of NI 43-101) on any of the properties in which the Company has an interest and the Company cannot give assurance that any mineral reserves will be identified. If the Company fails to identify any mineral reserves on any of its properties, its financial condition and results of operations will be materially adversely affected.

### *Reliability of Historical Information*

The Company has relied on, and the disclosure in the Flor de Cobre Technical Report and the Elida Technical Report is based, in part, upon, historical data compiled by previous parties involved with the Flor de Cobre and Elida Projects. To the extent that any of such historical data is inaccurate or incomplete, the Company's exploration plans may be adversely affected.

### *Mineral Exploration and Development*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

There is no assurance that the Company's mineral exploration and any development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Substantial expenditures are required to establish ore reserves through exploration and drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

### *Competition and Mineral exploration*

The mineral exploration industry is intensely competitive in all of its phases and the Company must compete in all aspects of its operations with a substantial number of large established mining companies with greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations, than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new mineral properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and any development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

### *Additional Funding*

The exploration and any development of the Company's mineral properties will require substantial additional capital. When such additional capital is required, the Company will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. The Company may not be successful in

locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Company may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the copper industry in particular), the Company's status as a new enterprise with a limited history, the location of the Company's mineral properties, the price of commodities and/or the loss of key management personnel.

#### *Acquisition of Additional Mineral Properties*

If the Company loses or abandons its interests in its mineral properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSXV. There is also no guarantee that the TSXV will approve the acquisition of any additional properties by the Company, whether by way of an option or otherwise, should the Company wish to acquire any additional properties.

#### *Government or Regulatory Approvals*

Exploration and development activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration, a mining licence will be granted with respect to exploration territory. There can also be no assurance that any exploration licence will be renewed or if so, on what terms. These licences place a range of past, current and future obligations on the Company. In some cases, there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

#### *Permits and Government Regulation*

The future operations of the Company may require permits from various federal, state, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. Possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before development and production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance, with changes in governmental regulations, has the potential to reduce the profitability of operations. The Company is currently in compliance with all material regulations applicable to its exploration activities.

#### *Limited Operating History*

The Company has a limited operating history and its mineral properties are exploration stage properties. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Company's mineral properties require significant additional expenditures before any cash flow may be generated. Although the Company possesses an experienced management team, there is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. There is no assurance that the Company can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

An investment in the Company's securities carries a high degree of risk and should be considered speculative by purchasers. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered in light of our early stage of operations. You should consider any purchase of the Company's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development.

#### *Title Risks*

Although the Company has or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company has not conducted surveys

on all of the claims in which it holds direct or indirect interests. The Company's properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by unidentified or unknown defects. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be constrained. A successful challenge to the Company's title to a property or to the precise area and location of a property could cause delays or stoppages to the Company's exploration and any development or operating activities without reimbursement to the Company. Any such delays or stoppages could have a material adverse effect on the Company's business, financial condition and results of operations.

#### *Laws and Regulation*

The Company's exploration activities are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

#### *Uninsured and Underinsured Risks*

The Company faces and will face various risks associated with mining exploration and the management and administration thereof including those associated with being a public company. Some of these risks are not insurable; some may be the subject of insurance which is not commercially feasible for the Company. Those insurances which are purchased will have exclusions and deductibles which may eliminate or restrict recovery in the event of loss. In some cases, the amount of insurance purchased may not be adequate in amount or in limit.

The Company will undertake intermittent assessments of insurable risk to help ensure that the impact of uninsured/underinsured loss is minimized within reason. Risks may vary from time to time within this intermittent period due to changes in such things as operations operating conditions, laws or the climate which may leave the Company exposed to periods of additional uninsured risk.

In the event risk is uninsurable, at its reasonable and sole discretion, the Company may endeavor to implement policies and procedures, as may be applicable and/or feasible, to reduce the risk of related loss.

#### *Public Health Crises such as the COVID-19 Pandemic*

In December 2019, a novel strain of coronavirus known as COVID-19 surfaced and has spread around the world causing significant business and social disruption. COVID-19 was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The speed and extent of the spread of COVID-19 and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain. Such adverse effects related to COVID-19 and other public health crises may be material to the Company. The impact of COVID-19 and efforts to slow the spread of COVID-19 could severely impact the exploration and any development of the Flor de Cobre and Elida Projects. To date, a number of governments have declared states of emergency and have implemented restrictive measures such as travel bans, quarantine and self-isolation. If the exploration and any development of the Flor de Cobre and Elida Projects are disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Company's financial position and trading price of the Units.

COVID-19 and efforts to contain it may have broad impacts on the Company's supply chain or the global economy, which could have a material adverse effect on the Company's financial position. While governmental agencies and private sector participants are seeking to mitigate the adverse effects of COVID-19, and the medical community is seeking to develop vaccines and other treatment options, the efficacy and timing of such measures is uncertain.

#### *Global Economy Risk*

The volatility of global capital markets, including the general economic slowdown in the mining sector, over the past several years has generally made the raising of capital by equity or debt financing more difficult. The Company may be dependent upon capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its operating expenditure requirements and future development cost requirements in instances where adequate cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Company and its management. If these levels of volatility persist or if there is a further economic slowdown, the Company's operations, the Company's ability to raise capital and the trading price of the Company's securities could be adversely impacted.

In addition, the current outbreak of COVID-19, and any future emergence and spread of similar pathogens, could have a material adverse impact on global economic conditions, which may adversely impact: the market price of the Common Shares, the Company's operations, its ability to raise debt or equity financing for the purposes of mineral exploration and development, and the operations of the Company's suppliers, contractors and service providers.

#### *Environmental Risks*

The Company's activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by non-governmental organizations has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company in Peru.

#### *Social and Environmental Activism*

There is an increasing level of public concern relating to the effects of mining on the nature landscape, in communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("NGOs") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operations, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The Company's operations are subject to political and other risks in Peru

The Company plans to conduct exploration, development and production activity in Peru. There are uncertainties regarding capital control and future changes in applicable laws related to exploration, development and mining operations. The Company's future operations will be subject to the payment of government taxes, fees and duties. Holders of mineral concessions are obliged to pay to the Peruvian Government, a mining royalty, as consideration for the exploitation of metallic and non-metallic natural resources, which is calculated based on the quarterly sales revenues from metallic and non-metallic mineral resources at a minimum rate of 1% and up to 12%. In addition, an additional tax called the "Special Mining Tax" is payable to the Peruvian Government which imposes a tax on the operating profit of metallic resources at a tax rate that ranges between 2% to 8.4%. In some areas of Peru, the development of infrastructure projects and extractive industries have met with strong rejection from the local population. Such social conflict may lead to public demonstrations and blockades which could affect the Company's operations.

The Company is not able to determine the impact of other potential political and country risks on its future financial position nor its ability to meet future interest or principal payments, which include:

- cancellation or renegotiation of contracts;
- changes in foreign laws or regulations;
- changes in tax laws;



- royalty and tax increases or claims by governmental entities;
- retroactive tax or royalty claims;
- expropriation or nationalization of property;
- inflation of costs that is not compensated by a currency devaluation;
- high rates of inflation;
- restrictions on the ability of local operating companies to sell copper or other minerals offshore for U.S. dollars, and on the ability of companies to hold U.S. dollars or other foreign currencies;
- restrictions on the purchase of foreign currencies and on the remittance of dividend and interest payments offshore;
- limitations on the repatriations of earnings;
- import and export regulations;
- environmental controls and permitting;
- opposition from local community members or non-governmental organizations;
- civil strife, acts of war, guerrilla activities, insurrection and terrorism;
- unenforceability of contractual rights and judgements; and
- other risks arising out of foreign sovereignty over the areas in which the Company's operations are conducted.

Such risks could potentially arise in any country in which the Company operates. These risks may limit or disrupt operating mines or projects, restrict the movement of funds, cause the Company to have to expend more funds than previously expected or required, and may materially adversely affect the Company's financial position or results of operations. The Company may also evaluate business opportunities in other jurisdictions where such risks may exist. Furthermore, in the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdiction of courts outside North America or may not be successful in subjecting persons to the jurisdiction of the courts in North America, which could adversely affect the outcome of a dispute. Furthermore, the introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company operates, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company's profits being subject to additional taxation or that could otherwise have an adverse material effect on the Company.

#### *Dependence on Management and Key Personnel*

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. As the Company's business activity grows, the Company will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that these efforts will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on the Company's operations and financial condition. In addition, the COVID-19 pandemic may cause the Company to have inadequate access to available skilled workforce and qualified personnel, which could have an adverse impact on the Company's financial performance and financial condition.

#### *Claims and Legal Proceedings*

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

### *Conflicts of Interest*

Most of the Company's directors and officers do not devote their full time to the affairs of the Company and are also directors, officers and shareholders of other natural resource or other public companies, and as a result they may find themselves in a position where their duty to another company conflicts with their duty to the Company. Although the Company has policies which address such potential conflicts and the BCBCA has provisions governing directors in the event of such a conflict, none of the Company's constating documents or any of its other agreements contain any provisions mandating a procedure for addressing such conflicts of interest. There is no assurance that any such conflicts will be resolved in favour of the Company. If any such conflicts are not resolved in favour of the Company, the Company may be adversely affected.

### *Copper and Metal Prices*

If the Company's mineral properties are developed from exploration properties to full production properties, the majority of our revenue will be derived from the sale of copper. Therefore, the Company's future profitability will depend upon the world market prices of the copper for which it is exploring. The price of copper and other metals are affected by numerous factors beyond the Company's control, including levels of supply and demand, global or regional consumptive patterns, sales by government holders, metal stock levels maintained by producers and others, increased production due to new mine developments and improved mining and production methods, speculative activities related to the sale of metals, availability and costs of metal substitutes.

Moreover, copper prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, copper as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration and any development and production activities, as well as on its ability to fund those activities. Additionally, the current COVID-19 pandemic and efforts to contain it, including restrictions on travel and other advisories issued may have a significant effect on copper prices.

### *Negative Cash Flow from Operating Activities*

The Company has no history of earnings and had negative cash flow from operating activities since inception. The Company's mineral properties are in the exploration stage and there are no known mineral resources or reserves and the proposed exploration programs on the Company's mineral properties are exploratory in nature. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that any of the Company's mineral properties will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Company will be required to obtain additional financing in order to meet its future cash commitments.

### *Going Concern Risk*

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

### *Uncertainty of Use of Available Funds*

Although the Company has set out its intended use of available funds in this Prospectus, these intended uses are estimates only and subject to change. While management does not contemplate any material variation, management does retain broad discretion in the application of such funds. The failure by the Company to apply these funds effectively could have a material adverse effect on the Company's business, including the Company's ability to achieve its stated business objectives.

### *Reporting Issuer Status*

The Company is subject to reporting requirements under applicable securities law, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these requirements increases legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and

internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Company expects that being a reporting issuer may make it more expensive to obtain and maintain director and officer liability insurance, and the Company maybe required to accept reduced coverage or incur substantially higher costs to obtain or maintain adequate coverage. This factor could also make it more difficult for the Company to retain qualified directors and executive officers.

#### *Risks Associated with Acquisitions*

If appropriate opportunities present themselves, the Company may acquire mineral claims, material interests in other mineral claims, and companies that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any material acquisition, other than as described in this Prospectus, and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired Company or mineral claims into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition.

#### *Force Majeure*

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including the price of copper on world markets, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, pandemics, epidemics or quarantine restrictions.

#### *Infrastructure*

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Company's mineral properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's mineral properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations.

Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

#### *Climate Change Risks*

The Company acknowledges climate change as an international and community concern, and it supports and endorses various initiatives for voluntary actions consistent with international initiatives on climate change. However, in addition to voluntary actions, governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, the Company expects that this could result in increased costs at some of its operations in the future.

The Company and the mining industry are facing continued geotechnical challenges, which could adversely impact the Company's production and profitability. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, floods, seismic activity, droughts and pit wall failures, may occur in the future and such events may not be detected in advance. Geotechnical instabilities and adverse climatic conditions can be difficult to predict and are often affected by risks and hazards outside of the Company's control, such as severe weather and considerable rainfall. Geotechnical failures could result in limited or restricted access to mine sites, suspension of operations, government

investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could cause one or more of the Company's projects to be less profitable than currently anticipated and could result in a material adverse effect on the Company's business results of operations and financial position.

#### *Information Systems and Cyber Security*

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

#### *Internal controls cannot provide absolute assurance with respect to the reliability of financial reporting and financial statement preparation*

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

#### *E29's operations depend on information technology ("IT") systems*

Information systems and other technologies, including those related to the Company's financial and operational management, and its technical and environmental data, are an integral part of the Company's business activities. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyberattacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. E29's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact E29's reputation and results of operations. Although to date E29 has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that E29 will not incur such losses in the future. E29's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, E29 may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains forward-looking information and forward-looking statements, within the meaning of applicable Canadian securities legislation, (collectively, "forward-looking statements"), which reflect management's expectations regarding the Company's future growth, results from operations (including, without limitation, statements about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results), performance (both operational and financial) and business prospects, future business plans and opportunities.

Wherever possible, words such as “predicts”, “projects”, “targets”, “plans”, “expects”, “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative or grammatical variation thereof or other variations thereof, or comparable terminology have been used to identify forward-looking statements. These forward-looking statements include, among other things, statements relating to:

- the Flor de Cobre and Elida Projects (as such term is defined herein) and the Company’s planned and future exploration on the Flor de Cobre and Elida Projects;
- the Company’s goals regarding exploration and potential development of its projects;
- the use of available funds;
- the Company’s future business plans;
- expectations regarding the ability to raise further capital;
- the market price of copper;
- expectations regarding any environmental issues that may affect planned or future exploration and development programs and the potential impact of complying with existing and proposed environmental laws and regulations;
- the ability to obtain and/or maintain any required permits, licenses or other necessary approvals for the exploration or development of its mineral properties;
- government regulation of mineral exploration and development operations in Peru;
- the Company’s compensation policy and practices;
- the Company’s expected reliance on key management personnel, advisors and consultants;
- plans regarding future composition of the Board;
- effects of the novel coronavirus (“COVID-19”) outbreak as a global pandemic; and
- the Escrow Agreement, and the escrow of the Escrowed Securities (as such terms are defined herein).

Forward-looking statements are not a guarantee of future performance and is based upon a number of estimates and assumptions of management in light of management’s experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date of this MD&A including, without limitation, assumptions about:

- the ability to raise any necessary additional capital on reasonable terms to advance exploration and development of the Company’s mineral properties;
- future prices of copper and other metal prices;
- the timing and results of exploration and drilling programs;
- the demand for, and price of copper;
- that general business and economic conditions will not change in a material adverse manner;
- the Company’s ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;
- the geology of the Flor de Cobre Project as described in the Flor de Cobre Technical Report (as such term is defined herein);
- the geology of the Elida Project as described in the Elida Technical Report (as such term is defined herein);
- the accuracy of budgeted exploration and development costs and expenditures;
- future currency exchange rates and interest rates;
- operating conditions being favourable such that the Company is able to operate in a safe, efficient and effective manner;
- the Company’s ability to attract and retain skilled personnel;
- political and regulatory stability;
- the receipt of governmental, regulatory and third-party approvals, licenses and permits on favourable terms;
- obtaining required approvals, licenses and permits on favourable terms and any required renewals of the same;

- requirements under applicable laws;
- sustained labour stability; stability in financial and capital goods markets;
- expectations regarding the level of disruption to exploration at the Flor de Cobre and Elida Projects as a result of COVID 19; and
- availability of equipment.

Furthermore, such forward-looking information involves a variety of known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, without limitation:

- the Company may fail to find a commercially viable deposit at any of its mineral properties;
- there are no resources or mineral reserves on any of the properties in which the Company has an interest;
- the Company's plans may be adversely affected by the Company's reliance on historical data compiled by previous parties involved with its mineral properties;
- mineral exploration and development are inherently risky;
- the mineral exploration industry is intensely competitive;
- additional financing may not be available to the Company when required or, if available, the terms of such financing may not be favourable to the Company;
- fluctuations in the demand for copper;
- the Company may not be able to identify, negotiate or finance any future acquisitions successfully, or to integrate such acquisitions with its current business;
- the Company's exploration activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory consents, which may be withdrawn or not granted;
- the Company's operations could be adversely affected by possible future government legislation, policies and controls or by changes in applicable laws and regulations;
- there is no guarantee that title to the properties in which the Company has a material interest will not be challenged or impugned;
- the Company faces various risks associated with mining exploration that are not insurable or may be the subject of insurance which is not commercially feasible for the Company;
- public health crises such as the COVID-19 pandemic may adversely impact the Company's business;
- the volatility of global capital markets over the past several years has generally made the raising of capital more difficult;
- compliance with environmental regulations can be costly;
- social and environmental activism can negatively impact exploration, development and mining activities;
- risks associated with political instability and changes to the regulations governing the Company's business operations.
- the success of the Company is largely dependent on the performance of its directors and officers;
- the Company and/or its directors and officers may be subject to a variety of legal proceedings, the results of which may have a material adverse effect on the Company's business;
- the Company may be adversely affected if potential conflicts of interests involving its directors and officers are not resolved in favour of the Company;
- the Company's future profitability may depend upon the world market prices of copper;
- if securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business, the price and trading volume of the Common Shares could decline;
- there is no existing public market for the Common Shares and an active and liquid one may never develop, which could impact the liquidity of the Unit shares;
- the Common Shares may be subject to significant price volatility;
- dilution from future equity financing could negatively impact holders of Common Shares;

- the Company may not use the funds available to it in the manner described in this Prospectus;
- on becoming a reporting issuer, the Company will be subject to costly reporting requirements;
- failure to adequately meet infrastructure requirements could have a material adverse effect on the Company's business;
- the Company's projects now or in the future may be adversely affected by risks outside the control of the Company;
- the Company is subject to various risks associated with climate change; and
- other factors discussed under "Risks and Uncertainties".

Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "Risks and Uncertainties" for a discussion of certain factors investors should carefully consider before deciding to invest in the Units.

The Company cautions that the foregoing lists of important assumptions and factors are not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, the forward-looking statements contained herein. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking statements.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as and to the extent required by applicable securities laws.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management is responsible for establishing and maintaining disclosure controls and procedures, which provide reasonable assurance that material information relating to the Company and its subsidiaries is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management has evaluated the effectiveness of its disclosure controls and procedures as of December 31, 2020 and believes its disclosure controls and procedures are effective.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only a reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part on certain assumptions about the likelihood of certain events, and there can be no assurance that any design can achieve its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for designing internal control over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management evaluated the Company's internal control over financial reporting at December 31, 2020 and concluded that it is effective and that no material weakness relating to design or operations exists. No change in the Company's internal control over financial reporting occurred during the year beginning on January 1, 2020 and ended on December 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **SCIENTIFIC AND TECHNICAL INFORMATION**

Scientific and technical information relating to the Flor de Cobre Project contained in the Prospectus is derived from, and in some instances is a direct extract from, and is based on the assumptions, qualifications and procedures set out in, the Flor de Cobre Technical Report. Derrick Strickland, P.Geol., author of the Flor de Cobre Technical Report, has reviewed and approved the scientific and technical information relating to the Flor de Cobre Project contained in the Prospectus and is a Qualified Person and “independent” of the Company within the meanings of NI 43-101. Reference should be made to the full text of the Flor de Cobre Technical Report, which is available for review under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Scientific and technical information relating to the Elida Project contained in the Prospectus is derived from, and in some instances is a direct extract from, and is based on the assumptions, qualifications and procedures set out in, the Elida Technical Report. Derrick Strickland, P.Geol., author of the Elida Technical Report, has reviewed and approved the scientific and technical information relating to the Elida Project contained in the Prospectus and is a Qualified Person and “independent” of the Company within the meanings of NI 43-101. Reference should be made to the full text of the Elida Technical Report, which is available for review under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Note to United States Investors - Canadian Disclosure Standards in Mineral Resources and Mineral Reserves**

The terms “mineral reserve”, “Proven mineral reserve” and “Probable mineral reserve” are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Definition Standards - For Mineral Resources and Mineral Reserves, adopted by the CIM Council on May 10, 2014, as may be amended from time to time by the CIM.

The definitions of Proven and Probable reserves used in NI 43-101 differ from the definitions in the SEC Industry Guide 7. Under SEC Industry Guide 7 standards, a “final” or “bankable” feasibility study is required to report reserves, the three year history average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms “mineral resource”, “Measured mineral resource”, “Indicated mineral resource” and “Inferred mineral resource” are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and normally are not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred mineral resources may not form the basis of feasibility or prefeasibility studies, except in rare cases.

Accordingly, information contained in this MD&A containing descriptions of E29’s mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.