

ELEMENT 29 RESOURCES INC.

STATEMENT OF EXECUTIVE COMPENSATION

(for the year ended December 31, 2020)

The following information is presented in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* and Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* and sets forth compensation for each NEO (as defined below) and director of Element 29 Resources Inc. during the financial year ending December 31, 2020. This Statement of Executive Compensation is dated for reference June 29, 2021.

GENERAL

For the purpose of this Statement of Executive Compensation:

“**Board**” means the board of directors of the Company.

“**Common Shares**” means common shares in the capital of the Company.

“**Company**” means Element 29 Resources Inc.

“**E29**” means Element 29 Resources Inc.

“**Option**” means options to purchase Common Shares.

“**Shareholders**” means the holders of Common Shares.

“**Stock Option Plan**” means the Company’s stock option plan.

“**TSXV**” means the TSX Venture Exchange.

Currency

In this Statement of Executive Compensation, unless otherwise indicated, all dollar amounts and references to “\$” are to Canadian dollars. All references to “US\$” are to US dollars.

REPORT ON EXECUTIVE COMPENSATION

Executive Compensation

Unless otherwise noted, the following information is for the Company’s last completed financial period (which ended December 31, 2020).

Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) the most highly compensated executive officer of the Company, including any of its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year.

As of the date of this Circular, the Company has the following Named Executive Officers (collectively, the “**Named Executive Officers**” or “**NEOs**”):

- Brian Booth, Chief Executive Officer, President and Director of the Company; and
- Duane Lo, Chief Financial Officer.

Compensation Discussion and Analysis

Philosophy

In determining the compensation to be paid or awarded to its executives, the Board seeks to encourage the advancement of the Company's exploration projects, with a view to enhancing Shareholder value. To achieve these objectives, the Company believes it is critical to create and maintain a compensation program that attracts and retains committed, highly qualified personnel by providing appropriate rewards and incentives that align the interest of its executives with those of its Shareholders. In addition, as E29, currently, has no revenues from operation and operates with limited financial resources, the Board needs to consider not only the Company's financial situation at the time of determining executive compensation but also the Company's estimated financial situation in the mid and long term.

The Company's executive compensation program consists of a combination of base salary and long-term incentives in the form of participation in the Stock Option Plan. In making its determinations regarding the various elements of executive Option grants, the Company will seek to meet the following objectives:

- (a) to attract, retain and motivate talented executives who create and sustain E29's continued success within the context of compensation paid by other companies of comparable size engaged in similar business in appropriate regions;
- (b) to align the interests of the NEOs with the interests of the Company's Shareholders; and
- (c) to incent extraordinary performance from our key personnel.

The Company is an early stage exploration company and may not generate revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Company to be appropriate in the evaluation of the performance of its executive officers.

Base Salary

The base salary for each executive is established by the Board, on the recommendation of the Board, based upon the position held by such executive, competitive market conditions, such executive's related responsibilities, experience and the NEO's skill base, the functions performed by such executive and the salary ranges for similar positions in comparable companies. Individual and corporate performance will also be taken into account in determining base salary levels for executives.

Cash Bonuses

Cash bonuses do not form a normal part of E29's executive compensation. However, the Company may elect to utilize such incentives where the role-related context and competitive environment suggest that such a compensation modality is appropriate. When and if utilized, the amount of cash bonus compensation will normally be paid on the basis of timely achievement of specific pre-agreed milestones. Each milestone will be selected based upon consideration of its impact on Shareholder value creation and the ability of the Company to achieve the milestone during a specific interval. The amount of bonus compensation will be determined based upon achievement of the milestone, its importance to the Company's near and long term goals at the time such bonus is being considered, the bonus compensation awarded to similarly situated executives in similarly situated exploration-stage junior mining companies or any other factors the Board may consider appropriate at the time such performance-based bonuses are decided upon. The quantity of bonus will normally be a percentage of base salary not to exceed 100%. However, in exceptional circumstances, the quantity of bonus paid may be connected to the Shareholder value creation embodied in the pre-agreed milestones.

Options

Options are a key compensation element for E29. Because many of the most capable individuals in the mining industry work for companies who can offer attractive cash and bonus compensation and a high level of employment security, Options represent a compensation element that balances the loss of employment security that such individuals must accept when moving to a junior exploration company such as E29. Options are also an important component of aligning the objectives of E29's executive officers and consultants with those of its Shareholders, while encouraging them to remain associated with the Company. E29 expects to provide significant Option positions to its executive officers and consultants. The precise amount of Options to be offered will be governed by the importance of the role within the Company, by the competitive environment within which E29 operates, and by the regulatory limits on Option grants that cover organizations such as E29. When considering an award of Options to an executive officer, consideration of the number of Options previously granted to the executive may be taken into account, however, the extent to which such prior grants remain subject to resale restrictions will generally not be a factor.

See "*Report on Executive Compensation – Description of Stock Option Plan*" for a summary of the key terms of the Stock Option Plan.

Compensation Risks

In making its compensation-related decisions, the Board carefully considers the risks implicitly or explicitly connected to such decisions. These risks include the risks associated with employing executives who are not world-class in their capabilities and experience, the risk of losing capable but under-compensated executives, and the financial risks connected to the Company's operations, of which executive compensation is an important part.

In adopting the compensation philosophy described above, the principal risks identified by the Company are:

- (a) that the Company will be forced to raise additional funding (causing dilution to Shareholders) in order to attract and retain the calibre of executive employees that it seeks; and
- (b) that the Company will have insufficient funding to achieve its objectives

Executive Compensation-Related Fees

For the financial year ended December 31, 2020, no fees were billed to the Company by any consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the Company's directors and executive officers or for any other services.

Hedging Named Executive Officers or Directors

The Company has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an NEO or director.

Executive Compensation-Related Fees

For the financial year ended December 31, 2020, no fees were billed to the Company by any consultant or advisor, or any of its affiliates, for services related to determining compensation for any of the Company's directors and executive officers or for any other services.

Compensation, Excluding Options and Compensation Securities

The following table sets out the compensation, excluding options and compensation securities, paid to the individuals who were directors or NEOs during the years ended December 31, 2019 and December 31, 2020. The table sets out the total compensation paid during the years ended December 31, 2019 and December 31, 2020.

Table of Compensation Excluding Options and Compensation Securities								
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)		Value of perquisites (\$)	Value of all other compensation (\$)	Total Compensation (\$)
Brian Booth, President, Chief Executive Officer and Director	2020	275,000	50,731	Nil.	Nil.	Nil.	Nil.	325,731
	2019	263,542 ⁽¹⁾	Nil.	Nil.	Nil.	Nil.	Nil.	263,542
Duane Lo, Chief Financial Officer	2020	94,639	Nil.	Nil.	Nil.	Nil.	Nil.	94,639
	2019	47,954	Nil.	Nil.	Nil.	Nil.	Nil.	47,954
Richard Osmond, Non-Executive Chairman and Director	2020	15,000	Nil.	Nil.	Nil.	Nil.	Nil.	15,000
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Ricardo Labó Fossa, Former Director ⁽²⁾	2020	15,000	Nil.	Nil.	Nil.	Nil.	5,306	20,306
	2019	Nil.	Nil.	Nil.	7,875	Nil.	Nil.	7,875
Patrick Elliott, Director	2020	30,000	Nil.	Nil.	Nil.	Nil.	Nil.	30,000
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Michael Doggett, Director ⁽³⁾	2020	2,589	Nil.	Nil.	Nil.	Nil.	Nil.	2,589
	2019	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.	Nil.
Aleksandra Bukacheva, Former Executive Vice President Corporate Development ⁽⁴⁾	2020	132,069	Nil.	Nil.	Nil.	Nil.	150,000	282,069
	2019	150,000	Nil.	Nil.	Nil.	Nil.	Nil.	150,000
Neil O'Brien, Former Chairman and Director ⁽⁵⁾	2020	66,250	Nil.	Nil.	Nil.	Nil.	Nil.	66,250
	2019	150,000	Nil.	Nil.	Nil.	Nil.	Nil.	150,000

Notes:

- (1) In 2019, Mr. Booth received \$263,542 in compensation for his position as President and CEO and Nil as compensation for acting as a director of the Company.
- (2) Mr. Fossa resigned as a director of the Company on September 7, 2020.

- (3) Mr. Doggett was appointed as a director on October 29, 2020.
- (4) Ms. Bukacheva resigned as Executive Vice President Corporate Development on November 12, 2020.
- (5) Mr. O'Brien resigned as a chairman and director of the Company on June 5, 2020.

Stock Options and Other Compensation Securities

The following table sets forth information with respect to the Options granted under the Stock Option Plan or other rights to acquire securities of the Company to NEOs and directors during the year ended December 31, 2020.

Name and Principal Position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Expiry date	Issue, conversion or exercise price (\$)	Value of unexercised in-the-money options (\$)
Brian Booth, President, Chief Executive Officer and Director	Option	500,000	24-Jun-25	0.30	75,000
Duane Lo, Chief Financial Officer	Option	100,000	18-May-25	0.30	15,000
	Option	150,000	22-Aug-24	0.30	22,500
Richard Osmond, Non-Executive Chairman and Director	Option	200,000	24-Jun-25	0.30	30,000
Patrick Elliott Director	Option	150,000	24-Jun-25	0.30	22,500
	Option	750,000	31-Jan-21	0.10	262,500
Michael Doggett, Director(2)	Option	150,000	27-Oct-25	0.50	Nil
Peter Espig, Director(4)	Option	150,000	29-Jun-25	0.30	22,500
Ricardo Labó Fossa, Former Director(1)	Option	100,000	18-May-25	0.30	15,000
	Option	150,000	22-Aug-24	0.30	22,500
Aleksandra Bukacheva, Former Executive Vice President Corporate Development(3)	Option	300,000	18-May-25	0.30	45,000
Neil O'Brien, Former Chairman and Director(5)	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Mr. Fossa resigned as a director of the Company on September 7, 2020.
- (2) Mr. Doggett was appointed as a director on October 29, 2020.
- (3) Ms. Bukacheva resigned as Executive Vice President Corporate Development on November 12, 2020.
- (4) Mr. Espig was appointed as a director of the Company on June 29, 2020.
- (5) Mr. O'Brien resigned as chairman and a director of the Company on June 5, 2020.

Exercise of Options and Compensation Securities by Directors and NEOs

During the year ended December 31, 2020, there was no exercise of Options granted under the Stock Option Plan or other rights to acquire securities of the Company by NEOs and directors of the Company.

External Management Companies

Other than as disclosed below under “Employment, Consulting and Management Agreements”, the Company has not entered into any agreement with any external management company that employs or retains one or more of the NEOs or Directors and, other than as disclosed below, the Company has not entered into any understanding, arrangement or agreement with any external management company to provide executive management services to the Company, directly or indirectly, in respect of which any compensation was paid by the Company.

Employment, Consulting and Management Agreements

As of the date hereof, other than as described below, the Company does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in a director or Named Executive Officer's responsibilities.

For the purposes of this section “**Change of Control**” means change in control of the Company, which includes the acquisition by a person of 50% or more of the voting securities of the Company, the removal of 50% or more of the incumbent members of the Board, or a transaction the result of which is that the current voting Shareholders of the Company own less than 50% of the voting shares of the resulting or successor corporation, or the sale of all or substantially all of the Company's assets.

Brian Booth Employment Agreement

The Company entered into an employment agreement with Brian Booth dated January 15, 2019, with respect to the provision of services to the Company as Chief Executive Officer, President and a member of the Board (the “**Booth Employment Agreement**”). Pursuant to the terms and conditions of the Booth Employment Agreement, Mr. Booth provides the Company with certain services consisting of key responsibilities, including: corporate vision; financial planning; management system; management team; marketing and investor strategy; and corporate development.

The Company pays Mr. Booth a base salary of \$22,916.67 per month and pursuant to the Booth Employment Agreement, granted Mr. Booth the right to purchase an aggregate of 2,000,000 Common Shares at a price of \$0.10 per Common Share, to be purchased in four equal annual instalments beginning on January 15, 2019. Mr. Booth is also entitled to an annual Performance Bonus (as defined in the Booth Employment Agreement) of up to 50% of annual salary subject to the Board's discretionary approval of Mr. Booth's achievement of annual Key Performance Objectives (as defined in the Booth Employment Agreement), and an additional annual Performance Bonus of up to 50% of annual salary subject to the Board discretionary approval of Mr. Booth's achievement of Significant Value Creation Events (as defined in the Booth Employment Agreement).

The Booth Employment Agreement may be terminated by the Company, without just cause on or after January 15, 2020, upon the Company's payment to Mr. Booth, in lump sum, of the following; (i) 12 months' base salary in lieu of notice, (ii) any earned but unpaid Performance Bonus for a prior calendar year, and (iii) a pro-rated portion, determined by the Board, acting reasonably, of the Performance Bonus which would have been earned in the calendar year in which termination of employment occurs. In the event of termination, the Company shall continue Mr. Booth's eligibility for health and dental benefits for a period of 12 months. In the event of an Involuntary Termination (as defined in the Booth Employment Agreement) which occurs within six (6) months of a Change of Control the Company shall pay Mr. Booth, no later than thirty (30) days from the date that the Involuntary Termination occurs, a lump sum payment of \$550,000 as a severance payment

Kaman Capital Corp. Service Agreement

Duane Lo, Chief Financial Officer of the Company provides his services to the Company through Kaman Capital Corp. (“**Kaman**”). The Company and Kaman entered into a service agreement effective January 20, 2019 (the

“**Kaman Services Agreement**”), with respect to the provision of services which include, monthly accounting and bookkeeping services, tax filings and assistance and guidance on other corporate financial matters in exchange for an hourly rate of \$100 per hour.

The Company may terminate the Kaman Services Agreement immediately upon Kaman’s substantial negligence or misconduct in the provision of the services, as determined in the sole discretion of the Company. Upon such a termination, Kaman will receive only the Service Fees (as defined in the Kaman Services Agreement) and reimbursement for expenses accrued up to the date of termination. Upon termination by the Company other than for non-performance, misconduct or negligence of Kaman, the Company will provide Kaman with all Service Fees accrued to the date of termination and five days of advance notice of termination or payment of Service Fees in lieu of such notice.

Pension Plan Benefits

The Company does not anticipate having any deferred compensation plan or pension plan that provide for payments or benefits at, following or in connection with retirement.

Director Compensation

The Board approved a policy in respect of director compensation on July 25, 2020, which entitles each director, except for the CEO and Chair, to an annual retainer equal to \$15,000. E29 contemplates that each director, will be entitled to participate in the Stock Option Plan and any other security-based compensation arrangement or plan adopted by E29 with the approval of the Board and/or E29’s Shareholders, as may be required by applicable law or TSXV policies.

Description of Stock Option Plan

On June 29, 2020, the Shareholders of the Company approved the Stock Option Plan (the “**SOP**”). The purpose of the SOP is to provide the Company with a share-related mechanism to attract, retain and motivate qualified directors, officers, employees and consultants, to reward those individuals from time to time for their contributions toward the long terms goals of the Company and to enable and encourage those individuals to acquire Common Shares as long term investments. Upon becoming a reporting issuer, the Company will be required to obtain Shareholder approval of the SOP on a yearly basis in accordance with the policies of the TSXV. The general terms and conditions of the SOP are reflected in the disclosure below.

Key Terms	Summary
Administration	The SOP will be administered by the Board, or such director or other senior officer or employee of the Company as may be designated as administrator by the Board. The Board or such committee may make, amend and repeal at any time, and from time to time, such regulations not inconsistent with the SOP.
Number of Common Shares	The maximum number of Common Shares issuable under the SOP shall not exceed 10% of the number of Common Shares issued and outstanding as of each date on which the Board grants the Option (the “ Award Date ”) with certain limits on grants to Participants (as defined in the SOP), Participants who are Insiders (as defined in the SOP), Eligible Employees (as defined in the SOP) and Participants conducting Investor Relations Activities (as defined in the SOP) in accordance with the rules and policies of the TSXV. The number of Common Shares underlying Options that have been cancelled, that have expired without being exercised in full, and that have been issued upon exercise of Options shall not reduce the number of Common Shares issuable under the Plan and shall again be available for issuance thereunder.

Securities	Each Option entitles the holder thereof (an “ Option Holder ”) to purchase one Common Share at an exercise price determined by the Board.
Participation	Any director, senior officer, management company, employee or consultant of the Company (including any subsidiary of the Company), as the Board may determine.
Exercise Price	The exercise price of an Option will be determined by the Board in its sole discretion, provided that the exercise price will not be less than the Discounted Market Price (as defined in the policies of the TSXV) (or, if the Common Shares are not listed for trading on the TSXV, then the permissible discounted market price on such exchange or quotation system on which the Common Shares are then listed or quoted for trading) or such other price as may be required or permitted by the TSXV from time to time.
Exercise Period	The exercise period of an Option will be the period from and including the award date through to and including the expiry date that will be determined by the Board at the time of grant (the “ Expiry Date ”), provided that the Expiry Date of an Option will be no later than the tenth anniversary of the Award Date of the Option, provided that such date does not fall within a Blackout Period (as defined in the SOP), and any Options granted to any Optionee (as defined in the SOP) who is a Director, Eligible Employee, or Other Participant (each as defined in the SOP) will expire within 12 months following the date that such Optionee ceases to be engaged in such role.
Cessation of Employment	<p>Subject to certain limitations, in the event that an Option Holder ceases to be a director of the Company or of a Designated Affiliate (as defined in the SOP) or ceases to be employed by the Company, other than by reason of death, the Expiry Date of the Option will be 90 days after the date of such Termination (as defined in the SOP), except as otherwise provided in any employment contract. Notwithstanding the foregoing or any employment contract, in no event shall such right be extended beyond the Option Period or one year from the date of Termination.</p> <p>In the event that an Option Holder should die while he or she is still director, senior officer, management company, employee or consultant of the Company, the Expiry Date will be 12 months from the date of death of the Option Holder.</p>
Acceleration Events	<p>If the Company seeks shareholder approval for a transaction which would constitute an Acceleration Event (as defined in the SOP) or third party makes a bona fide formal offer to the Company or its shareholders which would constitute an Acceleration Event, the Board may (i) permit the Option Holders to exercise their Options, as to all or any of such Options that have not previously been exercised (regardless of any vesting restrictions), but in no event later than the Expiry Date of the Option, so that the Option Holders may participate in such transaction; and (ii) require the acceleration of the time for the exercise of the Options and of the time for the fulfilment of any conditions or restrictions on such exercise.</p> <p>Notwithstanding any other provision of the SOP or the terms of any Option, if at any time when Options remains unexercised and the Company completes any</p>

transaction which constitutes an Acceleration Event, all outstanding unvested Options will automatically vest.

Any proposed acceleration of vesting provisions is subject to the policies and necessary approvals of the TSXV, if applicable.

Limitations

The maximum number of Common Shares which may be issued, within any one-year period, to Insiders under the SOP, together with any other share-based compensation arrangements of the Company, will be 10% of the total number of Common Shares issued and outstanding. The total number of Options awarded to any one individual in any twelve-month period will not exceed 5% of the issued and outstanding Common Shares of the Company at the Award Date unless the Company has obtained disinterested shareholder approval as required by the TSXV.

The total number of Options awarded to any one consultant of the Company in any twelve-month period will not exceed 2% of the issued and outstanding Common Shares of the Company at the Award Date unless consent is obtained from the TSXV.

The total number of Options awarded to all persons retained by the Company to provide Investor Relations Activities will not exceed 2% of the issued and outstanding Common Shares of the Company, in any twelve-month period, calculated at the Award Date unless consent is obtained from the TSXV. Options granted to persons retained to provide Investor Relations Activities will vest in stages over not less than twelve months with no more than one quarter of the options vesting in any three-month period.

Amendments

Subject to certain exceptions and any applicable regulatory approval, the Board may amend the SOP to be awarded for the purpose of complying with any changes in any relevant law, TSXV policy, rule or regulation applicable to the SOP, any Option or the Common Shares, or for any other purpose which the Board may deem desirable or necessary and may be permitted by all relevant laws, rules and regulations, provided that any such amendment will not materially impair any right of any Option Holder pursuant to any Option awarded prior to such amendment. The SOP may be amended, without obtaining the approval of the TSXV, to (i) reduce the number of Common Shares under an Option, or (ii) increase the exercise price or cancel an Option, provided the Company issues a news release outlining the terms of the amendment.

The Board may only amend the provisions of the SOP relating to the following if the Board obtains the approval of the shareholders of the Company: (i) persons eligible to be granted Options under the SOP; (ii) the maximum number or percentage of Common Shares reserved for issuance upon exercise of Options available under the SOP (iii) the limitations on grants of Options to any one person, Insiders, consultants, or persons involved in Investor Relations Activities; (iv) the method for determining the exercise price for Options; (v) the maximum term of Options; (vi) the expiry and termination provisions applicable to Options; or (vii) amendments to the amendment provisions of the SOP.

Disinterested shareholders of the Company must approve any amendment to Options held by an Insider at the time of the amendment that would have the effect of decreasing the exercise price of such Options.

Any amendments to the Option Plan or outstanding stock options are subject to the approval of the TSXV and, if required by the TSXV, of the shareholders of the Company, possibly with only 'disinterested shareholders entitled to vote. The amendment to an outstanding stock option will also require the consent of the Optionee.

No options have been granted under the Option Plan which remain subject to shareholder approval.

The Plan does not permit stock options to be transformed into stock appreciation rights.

Warrants

As of the date of this Circular there were no issued and outstanding Warrants.