



**MINEROS S.A.**

**ANNUAL INFORMATION FORM**

For the fiscal year ended December 31, 2022

**MARCH 30, 2023**

## TABLE OF CONTENTS

	Page
<b>CORPORATE STRUCTURE .....</b>	<b>6</b>
Name, Address and Incorporation .....	6
Intercorporate Relationships .....	7
<b>GENERAL DEVELOPMENT OF THE BUSINESS .....</b>	<b>8</b>
Three Year History and Recent Developments .....	9
Production and Outlook .....	13
<b>DESCRIPTION OF THE BUSINESS .....</b>	<b>15</b>
Principal Products .....	15
Business Units and Foreign Operations .....	15
Specialized Skill and Knowledge .....	15
Sales and Marketing .....	15
Competitive Conditions .....	15
Employees .....	16
Environmental Protection .....	16
Mine Closure .....	16
Tailings and Waste Management .....	17
Water Management .....	18
Climate Change and Extreme Weather Events .....	19
Health, Safety, and Community .....	20
Health and Safety .....	20
Social License and Human Rights .....	21
Public Benefit Corporations .....	21
Artisanal Mining .....	22
<b>MINERAL PROPERTIES .....</b>	<b>23</b>
Mineral Resources and Mineral Reserves .....	23
Technical Reports and Other Technical Information .....	26
Material Properties .....	27
Growth Projects and Exploration Targets .....	51
<b>RISK FACTORS .....</b>	<b>56</b>
Risks Related to Our Business and Industry .....	56
Risks Related to Our Operations in Emerging Markets .....	70
Risks Related to Our Operations in Colombia .....	73
Risks Related to Our Operations in Argentina .....	75
Risks Related to Our Operations in Nicaragua .....	78
Risks Related to Our Common Shares .....	79
<b>DIVIDENDS .....</b>	<b>83</b>
<b>DESCRIPTION OF SHARE CAPITAL .....</b>	<b>84</b>
General Description of Capital Structure .....	84
Common Shares .....	84
Meetings of the General Shareholders Assembly .....	84
Voting Rights .....	85
Dividends .....	85
Rights upon Dissolution and Liquidation .....	85
Pre-emptive, Conversion, or Exchange Rights .....	86
Limitations on the Rights to Hold or Vote Securities .....	86
Mergers, Spin-offs or Reorganizations of the Company .....	86
Other Rights, Attributes and Characteristics .....	86
Modification of Terms of Common Shares .....	86
Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia ...	86

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Electoral Quotient System .....	98
Certain Colombian Regulatory Considerations .....	100
Trading on the Toronto Stock Exchange and the Colombian Exchange.....	103
<b>MARKET FOR SECURITIES .....</b>	<b>103</b>
Shareholdings of Directors and Officers .....	105
Cease Trade Orders, Bankruptcies, Penalties or Sanctions .....	106
Conflicts of Interest .....	106
<b>AUDIT AND RISK COMMITTEE INFORMATION .....</b>	<b>106</b>
Audit and Risk Committee Charter .....	107
Composition of the Audit and Risk Committee .....	107
Relevant Education and Experience.....	107
Pre-Approval Policies and Procedures .....	108
External Auditor Service Fees .....	108
<b>LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....</b>	<b>108</b>
Legal Proceedings .....	108
Regulatory Actions .....	109
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....</b>	<b>109</b>
<b>TRANSFER AGENTS AND REGISTRARS.....</b>	<b>109</b>
<b>INTERESTS OF EXPERTS.....</b>	<b>109</b>
Auditors .....	109
Other Experts .....	109
<b>ADDITIONAL INFORMATION .....</b>	<b>110</b>
<b>APPENDIX 1 GLOSSARY OF TERMS .....</b>	<b>1</b>
<b>APPENDIX 2 MINEROS S.A. AUDIT AND RISK COMMITTEE CHARTER .....</b>	<b>1</b>

## ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form (“**AIF**”), unless otherwise noted or the context otherwise indicates, the “**Company**”, “**Mineros**”, “**we**”, “**us**” and “**our**” refer to Mineros S.A. and its subsidiaries as constituted on the date of this AIF.

Financial results of the Company are prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee (“**IFRS**”). Accordingly, financial information in this AIF is presented in accordance with IFRS.

The information in this AIF is presented as at the fiscal year ended December 31, 2022, with certain information updated to reflect changes that occurred after December 31, 2022, up to the date of this AIF.

This AIF contains company names, product names, trade names, trademarks and service marks of the Company and other organizations, all of which are the property of their respective owners.

The information contained in this AIF, as well as news releases and other disclosure made by the Company, is available under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com). The Common Shares are traded on the TSX under the symbol “MSA” and on the Colombian Exchange under the symbol “MINEROS:CB”.

For a glossary of certain terms used in this AIF, see Appendix 1.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF, including documents incorporated by reference herein, contains “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information includes statements that use forward-looking terminology such as “may”, “could”, “would”, “will”, “should”, “intend”, “target”, “plan”, “expect”, “budget”, “estimate”, “forecast”, “schedule”, “anticipate”, “believe”, “continue”, “potential”, “view” or the negative or grammatical variation thereof or other variations thereof or comparable terminology. Such forward-looking information includes, without limitation, statements with respect to:

- the Company’s outlook for the balance of 2023 and future periods;
- the Company’s plans and expectations with respect to production, exploration, development, and expansion at our properties and projects;
- timing, completion and results of ongoing studies on the Deep Carbonates Project
- Mineral Reserve and Mineral Resource estimates;
- the timing, receipt and maintenance of necessary approvals, licenses and permits from applicable governments, regulators or third parties;
- the anticipated exploration and development of the Company’s growth and exploration projects, including the Porvenir Project and Deep Carbonates Project;
- adding or upgrading Mineral Resources and developing new mineral deposits;
- estimates of future capital and operating costs;
- the costs and timing of future exploration and development;
- the costs and timing for the wind-down of the Gualcamayo Mine;

- estimates for future prices of gold and other minerals;
- future financial or operating performance and condition of the Company and its business, operations and properties, including expectations regarding liquidity, capital structure, competitive position and payment of dividends;
- expectations regarding future currency exchange rates;
- plans regarding the Company's compensation policy and practices; and
- any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

Forward-looking information is based upon 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 AIF including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the production, development and exploration of the Company's properties and assets; future prices of gold and other metal prices; the timing and results of exploration and drilling programs, and technical and economic studies; the development of the Porvenir Project; the accuracy of any Mineral Reserve and Mineral Resource estimates; the geology of the Material Properties being as described in the Technical Reports; production costs; the accuracy of budgeted exploration and development costs and expenditures; the accuracy of budgeted costs and expenditures relating to the wind-down of the Gualcamayo Mine; the price of other commodities such as fuel; 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; political and regulatory stability; the receipt of governmental, regulatory and third party approvals, licenses and permits on favourable terms; obtaining required renewals for existing approvals, requirements under applicable laws; sustained labour stability; stability in financial and capital goods markets; availability of equipment; positive relations with local groups, including artisanal mining cooperatives in Nicaragua, and the Company's ability to meet its obligations under its agreements with such groups; satisfying the terms and conditions of the Company's current loan arrangements. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Forward-looking information involves known and unknown risks, uncertainties and other factors, and does not guarantee future performance. Risks and uncertainties that may cause actual results or developments to be materially different from those expressed in forward-looking information include, without limitation:

- gold prices are volatile and may be lower than expected;
- changes in regulation or the imposition of sanctions on the governments of the countries where we operate may increase the Company's costs of doing business, restrict its operations or result in the imposition of fines, revocation of permits or facilities shutdowns;
- there may be material differences between the Company's estimates of Mineral Reserves and the mineral quantities that are actually recovered, and mineral grades may prove to be lower than expected;
- the Company may fail to obtain, renew, or maintain in effect necessary permits and licenses, or comply with the law;
- risks associated with environmental management and compliance;

- the Company may be unable to replace depleted Mineral Reserves;
- cost and timing of exploration, development, and production;
- the Company's geological, metallurgical, engineering, title, environmental, social, governmental, economic and financial assessments may prove materially incorrect;
- energy supply interruptions or increases in energy costs may materially and adversely affect our results of operations;
- the Company may experience failures of information systems or security breaches;
- COVID-19 and other disease outbreaks, or material escalation thereof;
- future acquisitions may require significant expenditures and may result in inadequate returns;
- the Company may fail to implement its business strategy;
- opposition to mining may arise;
- the Company may become subject to legal proceedings or tax reassessments, which may be costly;
- the Company may be unable to hire, retain, and motivate highly skilled personnel as required;
- the Company may fail to maintain satisfactory health and safety conditions and labour relations, and may experience labour disruptions;
- actual production, capital and operating costs may be different than those anticipated, especially during mining cycle peaks;
- geological, hydrological and climatic events could suspend mining operations or increase costs;
- infrastructure failures;
- equipment and supply shortages;
- the Company may be subject to employee and contractor misconduct;
- the Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting Canadian public issuers;
- the Company may incur losses, and its insurance coverage may be inadequate to cover those losses;
- risks and uncertainties relating to economic and political conditions in Colombia, Argentina, Nicaragua and Chile;
- the Company's properties may be disputed, nationalized or expropriated for less than their fair value; and
- the Company may experience conflicts with or be impacted by government conflicts with artisanal and small-scale miners.

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 information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See “Risk Factors” for a discussion of certain risk factors investors should carefully consider before deciding to invest in the Company.

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 information contained herein. There can be no assurance that forward-looking information 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 information.

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

#### **CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING ESTIMATES OF RESERVES AND MEASURED, INDICATED AND INFERRED RESOURCES**

Disclosure regarding Mineral Reserve and Mineral Resource estimates included in this AIF was prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects (“**NI 43-101**”). NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. The terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, and “mineral resource” are Canadian mining terms as defined in NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum (“**CIM**”) - CIM Definition Standards on Mineral Resources and Mineral Reserves (the “**CIM Definition Standards**”), adopted by the CIM Council, as amended.

In 2019, the United States Securities and Exchange Commission (“**SEC**”) adopted amendments to its disclosure rules (the “**SEC Modernization Rules**”) to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the U.S. Securities Exchange Act of 1934, as amended, which are codified in Regulation S-K subpart 1300. Under the SEC Modernization Rules, the historical property disclosure requirements for mining registrants included in SEC Industry Guide 7 have been replaced. As a non-reporting issuer under United States securities laws, the Company is not required to provide disclosure on its mineral properties under the SEC Modernization Rules and will continue to provide disclosure under NI 43-101 and the CIM Definition Standards.

The SEC Modernization Rules include the adoption of terms describing mineral reserves and mineral resources that are substantially similar to the corresponding terms under the CIM Definition Standards. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources”. In addition, the SEC has amended its definitions of “proven mineral reserves” and “probable mineral reserves” to be substantially similar to the corresponding CIM Definition Standards.

Shareholders resident in the United States are cautioned that while terms are substantially similar to CIM Definition Standards, there are differences in the definitions and standards under the SEC Modernization Rules and the CIM Definition Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as “proven reserves”, “probable reserves”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” under NI 43-101 will be the same as the reserve or resource estimates prepared under the standards adopted under the SEC Modernization Rules.

## INDUSTRY AND MARKET DATA

This AIF includes market, industry and economic data which was obtained from various publicly available sources and other sources believed by the Company to be true. Although the Company believes it to be reliable, the Company has not independently verified any of the data from third party sources referred to in this AIF, or analyzed or verified the underlying reports relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources. The Company believes that its market, industry and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market, industry and economic data used throughout this AIF are not guaranteed and the Company does not make any representation as to the accuracy or completeness of such information.

## OTHER INFORMATION

The disclosure in this AIF is supplemented throughout the year by, and is to be read in context with, subsequent continuous disclosure filings including news releases, material change reports, financial statements, management discussion and analysis and technical reports filed under NI 43-101. This AIF contains information which the Company believes, in context and in exercising its judgement, to be material. Information which the Company, in exercising its judgement, believes, in context, is not material (or, due to the passage of time, is no longer material), has not been included in this AIF.

## LIST OF ABBREVIATIONS

In this AIF, the following abbreviations have the meanings set forth below:

g/t	gram per tonne
ha	hectare
km	kilometre
km <sup>2</sup>	square kilometre
koz	one thousand troy ounces (31,103.5 g)
kt	metric kilotonne
LOM	life of mine
mg/m <sup>3</sup>	milligrams per cubic metre
oz	troy ounce (31.1035 g)
ppm	part per million
t	metric tonne
t/m <sup>3</sup>	metric tonne per cubic metre
Mlb	million pounds

## EXCHANGE RATE AND CURRENCY INFORMATION

This AIF contains references to U.S. dollars, Canadian dollars, Colombian pesos and Argentine pesos. All dollar amounts referenced in this AIF, unless otherwise indicated, are expressed in U.S. dollars or "\$", unless otherwise indicated. References to Canadian dollars or "C\$" refer to the legal tender of Canada. References to "Colombian pesos" or "COP\$" refer to the legal tender of Colombia. References to "Argentine pesos" or "AR\$" refer to the legal tender of Argentina.

The following table sets out the average exchange rates for each period indicated according to information published by the Bank of Canada, the Central Bank of Colombia and the National Bank of Argentina.



One U.S. dollar	Year Ended December 31		
	2022	2021	2020
One U.S. dollar in Canadian dollars .....	C\$1.3576	C\$1.2534	C\$1.3401
One Canadian dollar in U.S. dollars .....	\$0.7366	\$0.7978	\$0.7462
One U.S. dollar in Colombian pesos .....	COP\$4,255.44	COP\$3,747.97	COP\$3,693.36
One Colombian peso in U.S. dollars .....	\$0.000235	\$0.000267	\$0.000270
One U.S. dollar in Argentine pesos .....	AR\$133.63	AR\$95.16	AR\$69.92
One Argentine peso in U.S. dollars .....	\$0.007483	\$0.010508	\$0.014302

On March 29, 2023, being the last business day before the date of this AIF, (i) the daily exchange rate for Canadian dollars in terms of the U.S. dollar, as quoted by the Bank of Canada, was US\$1.00 = C\$1.3576, and the exchange rate of C\$ into U.S. dollars was C\$1.00 = US\$0.7366; (ii) the market exchange rate for Colombian pesos in terms of the U.S. dollar, as quoted by the Central Bank of Colombia, was US\$1.00 = COP\$4,658.79, and the exchange rate of COP\$ into U.S. dollars was COP\$1.00 = US\$0.0002146; and (iii) the market exchange rate for Argentine pesos in terms of the U.S. dollar, as quoted by the National Bank of Argentina, was US\$1.00 = AR\$208.30, and the exchange rate of AR\$ into U.S. dollars was AR\$1.00 = US\$0.004800.

## NON-IFRS MEASURES

The Company has included non-IFRS financial measures and non-IFRS ratios in this AIF. Management believes that non-IFRS financial measures and non-IFRS ratios, when supplementing measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Company. Non-IFRS financial measures and non-IFRS ratios do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following non-IFRS financial measures and non-IFRS ratios are included in this AIF:

- Adjusted EBITDA
- Cash cost (“**Cash Cost**”)
- All-in sustaining costs (“**AISC**”)
- Net free cash flow
- Return on Capital Employed (“**ROCE**”)
- Net Debt to Adjusted EBITDA ratio
- Average realized price per ounce of gold/silver sold

These non-IFRS measures should be read in conjunction with the Company’s financial statements and management’s discussion and analysis. For a discussion of the use of these non-IFRS measures and reconciliations thereof to the most directly comparable IFRS measures, see “*Section 12: Non-IFRS and Other Financial Measures*” in the Company’s management’s discussion and analysis for the fiscal year ended December 31, 2022, which is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Mineros S.A. was incorporated as a stock corporation (*sociedad anónima*) under the laws of the Republic of Colombia on November 21, 1974 under the name Mineros de Antioquia S.A. In 2004, the Company changed its name from Mineros de Antioquia S.A. to Mineros S.A.

The Company’s registered and head office is located at Carrera 43A, No. 14-109, Piso 6, Edificio NovaTempo, Medellín, Antioquia, Colombia.

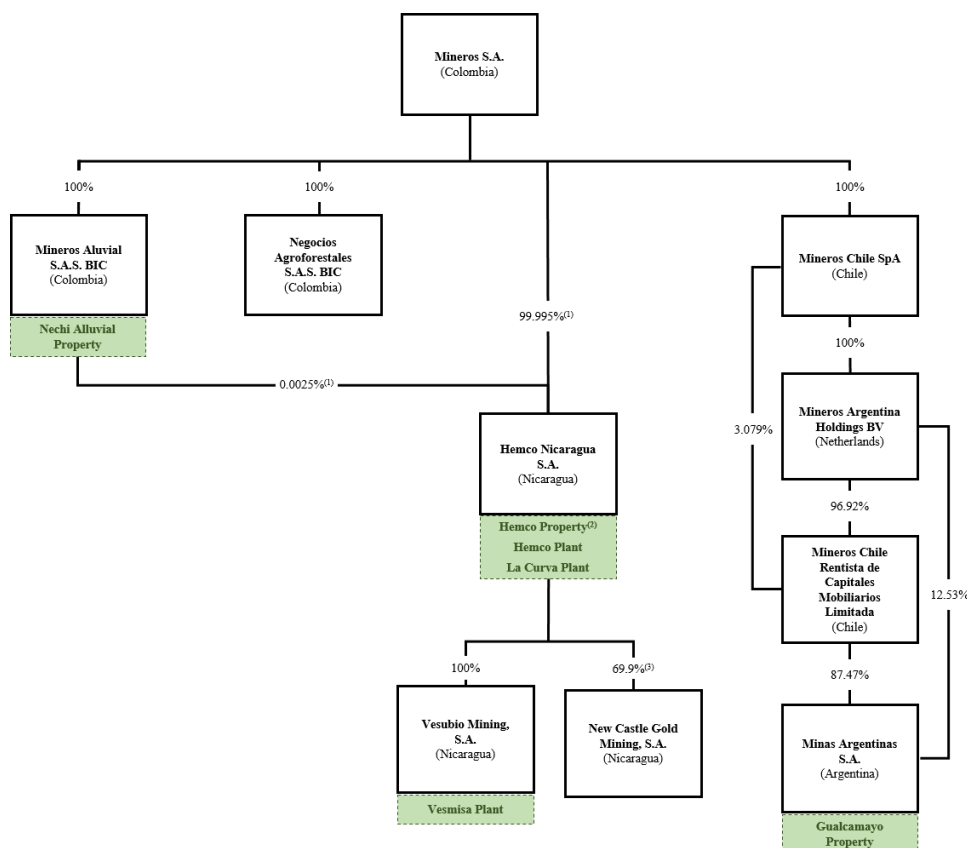
The Bylaws are the Company's sole constating document. In anticipation of the Canadian IPO, on April 16, 2021, the General Shareholders Assembly adopted amendments to the Bylaws to facilitate compliance with Canadian securities laws and TSX rules, including amendments:

- to accommodate the issue, listing, and trading of Common Shares abroad in compliance with applicable foreign laws and stock exchange policies, and permit the appointment of a foreign transfer agent;
- to increase the Company's authorized capital from COP\$200 million to COP\$400 million;
- relating to share issuances, including deletion of pre-emptive rights and shareholder approval requirements for treasury offerings of Common Shares, the empowerment of the Board to approve issuances of Common Shares up to the Company's authorized capital, and the addition of a requirement that all Common Shares be issued as fully-paid at the time of subscription;
- deleting certain shareholder identification requirements that were inconsistent with securities laws in Canada;
- to add provisions to facilitate proxy voting and proxy solicitation in accordance with Colombian and/or foreign laws, as applicable;
- to decrease quorum for a meeting of the General Shareholders Assembly from a majority of the subscribed Common Shares to 40% of the subscribed Common Shares;
- to establish as standing committees of the Board the Executive Compensation Committee, the Corporate Governance and Sustainability Committee, and the Business Opportunities and Optimization Committee;
- to remove the concept of an alternate President and Chief Executive Officer and alternate statutory auditor;
- to appoint the Chief Financial Officer as a permanent legal representative of the Company; and
- to require that the Company's statutory auditor satisfy the requirements of applicable foreign laws while the Company's shares are listed outside of Colombia.

For more information regarding the Bylaws and the rights of holders of Common Shares, see "*General Description of Capital Structure*".

### **Intercorporate Relationships**

The chart below identifies our material subsidiaries, including jurisdiction of formation or incorporation of the various entities and the percentage of voting securities beneficially owned, directly or indirectly, by the Company. All of the material subsidiaries are 100% beneficially owned by Mineros, except as indicated in the notes below.



#### Notes:

- (1) Mineros directly owns a 99.9975% equity interest in Hemco, of which 99.995% is directly held, and 0.0025% is held by Mineros Aluvial. The remaining 0.0025% equity interest in Hemco is held by Mercantil Colpatría S.A., a control person of the Company.
- (2) Vesubio Mining, S.A. and New Castle Gold Mining, S.A. own three non-material concessions representing less than 1% of the Hemco Property.
- (3) Hemco owns a 69.9% equity interest in New Castle Gold Mining, S.A. The remaining 30.1% equity interest is owned by an arm's length shareholder (30.0%) and a manager designated by the Company (0.1%).

## GENERAL DEVELOPMENT OF THE BUSINESS

Mineros is a Colombian company with over 48 years of experience in gold exploration and production, with mining operations and growth projects in each of Colombia, Argentina, and Nicaragua. Mineros also holds a 20% interest in the La Pepa Project in Chile. Our Material Properties include the following gold mines and operations:

- the Nechí Alluvial Property in Colombia; and
- the Panama Mine and the Pioneer Mine at the Hemco Property in Nicaragua.

Gold at the Hemco Property is produced in partnership with artisanal mining cooperatives from whom Mineros purchases ore, and at the Nechí Alluvial Property under third party contracts with former informal miners.

All remaining Mineral Reserves at the Gualcamayo Mine in Argentina were depleted during 2022 and the Company is starting to implement its closure plan for the Gualcamayo Mine.

In addition, a core component of our business strategy is to explore new targets and develop existing deposits at or near our operating mines or on third party properties that have been optioned by us, with the objective of increasing Mineral Resources and Mineral Reserves and advancing promising deposits towards development.

Three key projects being advanced are:

- the Porvenir Project at the Hemco Property in Nicaragua;
- the Luna Roja Deposit, at the Hemco Property in Nicaragua; and
- the Deep Carbonates Project at the Gualcamayo Property in Argentina.

We are also evaluating greenfield exploration opportunities, including:

- the Caribe Exploration Target, forming part of the Hemco Property in Nicaragua, which is held pursuant to a joint venture between the Company and Royal Road subject to the terms of the Royal Road Nicaragua Alliance Agreement; and
- the GNM Exploration Target in Colombia, which is a joint venture target held by Royal Road subject to the terms of the Royal Road Colombia Alliance Agreement.

Through our two strategic alliance agreements, we are collaborating with Royal Road to explore (i) in Nicaragua, subject to the Royal Road Nicaragua Alliance Agreement, highly prospective portions of our Hemco Property (including, the Caribe Exploration Target), Royal Road's properties in Nicaragua, and any additional interests acquired in Nicaragua by either party, with each party being entitled to acquire a 50% interest in those areas over which the joint management committee has agreed to undertake exploration, and (ii) in Colombia, subject to the Royal Road Colombia Alliance Agreement, Royal Road's GNM Exploration Target. As at December 31, 2022, Mineros and its partner Royal Road suspended all activities under the Royal Road Nicaragua Alliance Agreement and the Royal Road Colombia Alliance Agreement, including terminating the 2022 drilling campaign at Caribe Exploration Target. The next steps moving forward are under discussion between the companies.

Mineros' goal is to deliver healthy returns to shareholders through efficient and responsible management, organic growth and the acquisition of new projects. Mineros is listed on the TSX under the trading symbol "MSA" and on the Colombian Exchange under the trading symbol "MINEROS: CB".

### **Three Year History and Recent Developments**

#### **Developments – Operations**

##### **Nicaragua**

##### ***Hemco Property – Additional Investments in Vesubio Mining, S.A.***

On March 1, 2021, Hemco acquired shares representing a 10% interest in Vesubio Mining, S.A. for cash consideration of approximately \$1.3 million. On July 27, 2021, Hemco acquired shares representing an additional 15% in Vesubio Mining, S.A., for cash consideration of US\$1.5 million. As a result of such transactions, Hemco owns a 100% interest in Vesubio Mining, S.A., consolidating its 100% ownership of all processing infrastructure at the Hemco Property.

##### ***Hemco Property – Luna Roja Deposit***

On May 21, 2021, Mineros acquired Royal Road's 50% interest in the Luna Roja Deposit, bringing Hemco's interest to 100% for consideration consisting of US\$24,485,294 (including withholding taxes of US\$3,672,794), and a 1.25% NSR royalty on all future mineral production from the Luna Roja Deposit, starting from commercial production. As part of the Luna Roja Acquisition, Royal Road agreed to spend no less than US\$7.5 million in exploration expenses under the Royal Road Nicaragua Alliance Agreement over the five-year period ending May 21, 2026. Upon closing, the Royal Road Nicaragua Alliance Agreement was amended and restated to, among other things, remove the Luna Roja Deposit from the area of interest under that agreement. Mineros and Hemco borrowed an aggregate of US\$22 million pursuant to the Luna Roja Loans to fund a portion of the cash consideration for the Luna Roja

Acquisition. Such loans were repaid on December 7, 2021, from the net proceeds of the Canadian IPO and the Colombian Concurrent Offering.

On July 7, 2022, the Company announced an initial Mineral Resource estimate for the Luna Roja Deposit, which included 1.164 million tonnes of Indicated Mineral Resources averaging 2.46 g/t Au, for approximately 92,000 ounces of gold and 0.504 million tonnes of Inferred Mineral Resources averaging 2.31 g/t Au, for approximately 37,000 ounces of gold. The initial Mineral Resource estimate assumes both open pit and underground mining and extends from surface to a depth of 200 metres.

The Company completed its 2022 drill campaign achieving 96% of its original plan, resulting in the drilling of 2,883 metres of diamond drilling from 20 holes. Of these, a total of 538 metres from nine near surface holes targeted the expansion of Mineral Resources and a total of 2,345 metres in 11 holes tested geophysical anomalies during the fourth quarter.

### ***Hemco Property – Pioneer Mine***

The Pioneer Mine entered into full production in 2022.

### ***Royal Road Nicaragua Alliance Agreement***

On September 1, 2017, Hemco and Royal Road entered into the Royal Road Nicaragua Alliance Agreement, forming a strategic alliance to jointly explore, develop, market and exploit gold and other metal resources within their respective concessions and any additional licenses acquired in Nicaragua. The Royal Road Nicaragua Alliance Agreement covers the entirety of the Hemco Property (excluding all Hemco mining operations comprised by the Panama Mine, the Pioneer Mine, the Porvenir Project, the Luna Roja Deposit and the Hemco Plant, the La Curva Plant and the Vesmisa Plant (the “**Hemco Mining Operations**”), and including an area of 1.5 kilometres in all directions of the Hemco mining rights in which the Hemco Mining Operations are being now or in the future conducted) with the purpose of identifying new gold and metal deposits within the Hemco Property, other than the Hemco Mining Operations, and it also gives Hemco the ability to identify and acquire an interest in new gold and other metal deposits at all of Royal Road’s concessions in Nicaragua, and any additional licenses acquired in Nicaragua by either party. New target areas or specified areas of interest are agreed upon by both parties through a joint management committee which must approve all activities undertaken on properties subject to the Royal Road Nicaragua Alliance Agreement. All activities conducted under the Royal Road Nicaragua Alliance Agreement are funded in equal proportions unless otherwise specifically stated.

Under the Royal Road Nicaragua Alliance Agreement, when a project is identified within the area covered by the Royal Road Nicaragua Alliance Agreement and is determined to be of interest to both parties, but in any case no earlier than when the joint management committee has authorized sufficient activities to secure the permits required for drill-testing and drilling has in fact commenced on such project, either party may elect to designate a specified area of interest as a “designated project area” resulting in the formation of a joint venture with each of the parties holding a 50% interest in the respective joint venture. Royal Road is designated as the operator under the alliance and under any such joint venture, with certain decisions of the operator being subject to the approval of the joint management committee. Funding under the Royal Road Nicaragua Alliance Agreement is ongoing relating to the Caribe Exploration Target and other targets.

As at December 31, 2022, Mineros and its partner Royal Road suspended all activities under the Royal Road Nicaragua Alliance Agreement, including, terminating the 2022 drilling campaign at Caribe Exploration Target. The next steps moving forward are under discussion between the companies.

### ***Hemco Property – Porvenir Project***

On March 16, 2023, the Company announced the results of the Hemco Technical Report, which included the results of the pre-feasibility study on the Porvenir Project. Highlights of the Porvenir PFS included the following:

- An eight-year increase of life of mine for the Hemco Property, from five to thirteen years.

- First-time disclosure of Mineral Reserves at the Porvenir Project as of December 31, 2022:
  - 270 kt of Proven Mineral Reserves averaging 2.70 g/t Au, 13.6 g/t Ag and 3.14% Zn, containing 23 koz Au, 118 koz Ag, and 19 Mlb Zn.
  - 5,524 kt of Probable Mineral Reserves averaging 3.09 g/t Au, 10.2 g/t Ag and 2.96% Zn, containing 549 koz Au, 1,804 koz Ag, and 360 Mlb Zn.
- The Porvenir Project base case economics include an after-tax net present value (using a 10% discount rate) of approximately \$42 million, an after-tax internal rate of return of approximately 16% and a payback period of approximately 4 years from start of production in 2027, assuming \$1,500/oz Au, \$19.00/oz Ag, and \$1.27/lb Zn.
- The Porvenir Project will add average annual production over its nine-year mine life of 56,700 oz Au per year, along with 112,300 oz Ag per year and 38.5 Mlb Zn per year to the Hemco Property.
- After-tax net present value (using a 5% discount rate) of \$160mm at \$1,650/oz Au, \$20.90/oz Ag, and \$1.40/lb Zn; increasing to \$216mm at \$1,800/oz Au, \$22.80/oz Ag, and \$1.52/lb Zn.
- Internal rate of return of 21% and after-tax payback period of 3.5 years from start of production at \$1,650/oz Au, \$20.90/oz Ag, and \$1.40/lb Zn.

## **Chile**

### ***La Pepa Project***

In accordance with the terms of the La Pepa Option Agreement, on June 25, 2021, the Company exercised its first option and earned a 20% beneficial interest in the La Pepa Project. On December 20, 2021, Mineros, through its subsidiary, Mineros Chile SpA, acquired shares representing 20% of the issued capital of Minera Cavancha, and entered into the La Pepa Shareholders Agreement. Minera Cavancha is the joint venture entity under the La Pepa Shareholders Agreement.

On October 25, 2022, the Company determined not to exercise its second option to earn an additional 31% interest (for an aggregate 51% interest) in the La Pepa Project. As a result, the Company holds a 20% interest in the La Pepa Project and has ceased to be the operator of the project. Plans for further exploration of the La Pepa Project remain subject to discussion and have not been finalized at this time. See “*Mineral Properties – Growth Projects and Exploration Targets – Chile – La Pepa Project*”.

## **Colombia**

### ***Sale of Colombian Underground Mining Operations***

In January 2020, Mineros entered into an agreement to sell to Soma Gold Corp. its Colombian underground mining operations (being the La Ye underground mine) in two tranches, by way of sale of the shares of its subsidiary, Operadora Minera S.A.S., and three mining titles, for aggregate consideration of \$5.5 million and a 1% NSR royalty over the transferred claims commencing on the business day following the date in which the mineral rights have produced 17,000 ounces of gold. The final transfer of shares of Operadora Minera S.A.S. to Soma Gold Corp. was completed on or about May 31, 2020.

### ***Royal Road Colombia Alliance Agreement***

On March 2, 2020, the Company, Royal Road and Exploraciones Northern Colombia S.A.S., a Colombian affiliate of Royal Road, entered into the Royal Road Colombia Alliance Agreement, an unincorporated joint venture to explore, develop, market, and exploit gold and other metal resources at the GNM Exploration Target and the surrounding area of interest. The GNM Exploration Target is an early-stage exploration target comprising the Guintar-Niverango concession contract and the non-contiguous Margaritas concession contract located in the Anza

mining district, 50 km west of Medellín. Pursuant to the Royal Road Colombia Alliance Agreement, the Company paid \$1 million to Royal Road upon execution of the Royal Road Colombia Alliance Agreement and had the option to acquire up to a 50% interest in the GNM Exploration Target. On July 22, 2021, the Company exercised its first option and earned a 25% interest in the GNM Exploration Target, and on April 6, 2022, the Company exercised its second option to acquire an additional 25% interest, bringing its total interest to 50%.

The Royal Road Colombia Alliance Agreement provides that either party may elect to designate a specific project area within the area of interest as a “designated project area” resulting in the formation of a joint venture corporation to hold the relevant project, subject to negotiation of a new definitive agreement to govern the operation of the joint venture corporation. Any subsequent property interests acquired by either party within a designated project area may be added to the GNM Exploration Target and become subject to the Royal Road Colombia Alliance Agreement if the parties so determine. Royal Road is the operator of the strategic alliance in Colombia.

As at December 31, 2022, Mineros and its partner Royal Road suspended all activities under the Royal Road Colombia Alliance Agreement. The next steps moving forward are under discussion between the companies.

#### ***Nechí Alluvial Property – Amendment of Environmental Management Plan***

By ANLA Resolution 812 of April 25, 2022, the Colombian National Authority of Environmental Licenses (*Autoridad Nacional de Licencias Ambientales*, ANLA) approved Mineros’ application to amend the environmental management plan (“EMP”) for the Nechí Alluvial Property, which was submitted on November 18, 2021. The ordinary course amendment to the EMP grants environmental permits sufficient to support planned operations for a four-year period which is consistent with Mineros’ expectations. Due to the mobile nature of alluvial mining operations, Mineros must periodically apply to ANLA to amend the EMP to cover planned operations in new or expanded operating areas. Mineros makes such applications and expects to receive amendments to the EMP in the ordinary course of business.

#### ***Nechí Alluvial Property – Overturning of Floating Beneficiation Plant***

On May 28, 2022, a storm with unusually heavy rains and strong winds hit the area where the Nechí Alluvial Property is located and overturned the Llanuras Plant, a floating beneficiation plant connected to the Llanuras suction dredge, which resulted in six fatalities. Immediately following the accident, the Company’s emergency protocols were activated, which included a rescue operation followed by a coordinated search, and subsequent recovery actions. Investigations by independent investigators and Colombian authorities have both concluded without any material findings and the Company has made some incremental adjustments to continue enhancing security at its operations. Mineros has not found a way to recover, repair or perform any type of rescue or maneuver to refloat the Llanuras Plant, but has been able to adjust its production plan to compensate for its loss.

### **Argentina**

#### ***Gualcamayo Property – Wind-Down of the Gualcamayo Mine***

On September 9, 2022, the Company announced that it would start downsizing its operations at its Gualcamayo Property, reducing its workforce in Argentina by up to 30%, as a result of the natural depletion of the deposit. The Company is in the process of finalizing the schedule for the wind-down but currently anticipates that operations, primarily processing of ore located in heap leach piles will continue to produce gold after the cessation of active mining activities, with production expected to end sometime in 2025. All remaining Mineral Reserves at the Gualcamayo Mine in Argentina were depleted during 2022 and the Company is starting to implement its closure plan for the Gualcamayo Mine. Consistent with this decision, the Company incurred an impairment charge on non-current assets of \$36,542 in respect of the Gualcamayo Property for the year ended December 31, 2022. The Company is continuing to evaluate prospective greenfield exploration targets at the Gualcamayo Property including advancing the Deep Carbonates Project.

## **Developments – Corporate and Financial**

### ***Canadian Initial Public Offering and Colombian Concurrent Offering***

On November 18, 2021, the Company completed the Colombian Concurrent Offering, issuing 12,777,777 Common Shares at US\$0.90 per share for gross proceeds of approximately US\$11.5 million, including 1,666,666 Common Shares issued pursuant to the exercise in full by Corredores Davivienda, S.A., the underwriter for the Colombian Concurrent Offering, of its over-allotment option. The Colombian Concurrent Offering was authorized by the Colombian Superintendence of Finance by Resolution 1292 dated as of November 4, 2021.

On November 19, 2021, the Company completed the Canadian IPO pursuant to the Canadian IPO Underwriting Agreement, issuing 22,222,223 Common Shares at US\$0.90 per share for aggregate gross proceeds of approximately US\$20.0 million. Upon completion of the Canadian IPO, the Common Shares were listed for trading on the TSX under the stock symbol “MSA”. On November 25, 2021, Scotia Capital Inc. and Sprott Capital Partners LP, the co-lead underwriters for the Canadian IPO, exercised their over-allotment option under the Underwriting Agreement to purchase an additional 2,050,000 Common Shares at US\$0.90 per share, resulting in additional gross proceeds of approximately US\$2.8 million.

### ***OFAC Sanctions Imposed on General Directorate of Mines of Nicaragua***

On October 24, 2022, OFAC imposed economic sanctions on DGM, a subordinate office within the Nicaraguan Ministry of Energy and Mines, pursuant to Executive Order (“EO”) 13851 of the U.S. President. As such, all properties and interests in property of the DGM are now blocked, and all transactions by U.S. persons or transiting the U.S. that involves blocked property are prohibited. All property or interest in property of any entity that is owned, directly or indirectly, 50% or more by the DGM are also blocked. Concurrently, the U.S. President also issued EO 14088 (together with EO 13851, the “**Nicaragua Sanctions Measures**”), which authorizes the U.S. government to promptly apply further sanctions to various sectors of the Nicaraguan economy such as the gold sector. As of the date of this AIF, OFAC has designated the state-run gold mining company Empresa Nicaraguense de Minas (ENIMINAS), the Nicaraguan National Police Force, the DGM and various officials of the Government of Nicaragua under the Nicaragua Sanctions Measures.

The Company remains committed to complying with applicable legal and regulatory requirements, including sanctions, and is evaluating the actual and potential impacts of the U.S. sanctions on its current and planned business and operations in coordination with its advisors. As at the date of this AIF, U.S. sanction measures adopted on October 24, 2022 have not resulted in any material impacts on its operations in Nicaragua, and the Company is continuing to evaluate their potential impact on its commercial relationships.

### ***Management Changes***

Effective October 1, 2022, Luis Villa was appointed Vice President, Nicaragua, succeeding Carlos Mario Gómez, and Ana María Rios Puerta was appointed Vice President, Business Development and Strategy, succeeding Eduardo Flores Zelaya.

### **Production and Outlook**

#### **Gold Production**

In 2022, the Company produced 287,152 ounces of gold from its properties at an estimated AISC per ounce of gold sold of \$1,365. In 2023, the Company expects to produce between 264,000 and 292,000 ounces of gold at an AISC per ounce of gold sold of between \$1,400 and \$1,490.

The following table summarizes the production from each of our properties for the years ended December 31, 2022, 2021 and 2020.



	Year Ended December 31		
	2022	2021	2020
<b>Colombia (Nechí Alluvial Property)</b>			
Ore Processed (m <sup>3</sup> ) .....	37,596,932	30,806,306	27,199,542
Grade (mg/m <sup>3</sup> ) <sup>(1)</sup> .....	77	74	89
Recovery (%) .....	76.00%	78.00%	83.00%
Production (oz) <sup>(2)</sup> .....	92,385	73,129	76,725
Sales (oz) .....	92,385	73,129	76,725
<b>Nicaragua (Hemco Property)</b>			
Ore Processed (tonnes) .....	716,257	715,792	715,792
Grade (g/t) .....	6.48	6.34	6.34
Recovery (%) .....	89.00%	88.00%	88.00%
Production (oz) .....	132,520	127,151	127,151
Sales (oz) .....	132,520	127,151	127,151
<b>Argentina (Gualcamayo Property)</b>			
Ore Processed (tonnes) .....	2,388,447	1,721,782	1,721,782
Grade (g/t) .....	1.77	1.41	1.41
Recovery (%) .....	52.00%	64.00%	64.00%
Production (oz) .....	62,247	61,487	61,487
Sales (oz) .....	62,781	65,526	65,526

**Notes:**

(1) To convert (m<sup>3</sup>) to (tonnes) use a density factor of 2.0 t/m<sup>3</sup>. To convert (mg/m<sup>3</sup>) to (g/t), divide by 2000.

(2) The Nechí Alluvial Property includes production from the La Ye underground mine of 7 koz (2020). The La Ye underground mine was sold in 2020 and effective control of operations passed to the new owners on or about May 31, 2020.

**Gold Production Outlook**

The following table sets out actual segmented gold production for the year ended December 31, 2022 and production guidance for 2023 by country.

<u>Country (principal mine)</u>	<u>2022 Actual</u>	<u>2023 Guidance</u>
	(oz Au)	
Colombia (Nechí Alluvial Property) .....	92,385	84,000 - 94,000
Nicaragua (Hemco Property) .....	40,677	35,000 - 37,800
Argentina (Gualcamayo Property) .....	62,247	55,000 - 63,000
<b>Total Company Mines</b>	<b>195,309</b>	<b>174,000 - 194,800</b>
Nicaragua (Artisanal mining) .....	91,843	90,000 - 97,200
<b>Total</b>	<b>287,152</b>	<b>264,000 - 292, 000</b>

Guidance for the Nechí Alluvial Property in Colombia and the Hemco Property in Nicaragua is based on the Mineral Reserve life of mine plans. Guidance for the Gualcamayo Property in Argentina is based on residual and work in progress heap leach production and limited remnant mining. Guidance for artisanal mining in Nicaragua is based on historical production experience.

This guidance foresees the maintenance of production in Colombia, a slight decrease in Hemco's production levels and a slight increase in artisanal production in Nicaragua, and a decrease in production in Argentina as the Gualcamayo Mine nears the end of its life of mine.

**Cost and Cost Outlook**

The following table shows our Cash Cost and AISC results for the year ended December 31, 2022, and guidance for 2023, as announced on February 21, 2023.

<u>Country (principal mine)</u>	<u>Cash Cost</u> <u>per ounce of gold sold<sup>(1)</sup></u>		<u>AISC</u> <u>per ounce of gold sold<sup>(1)</sup></u>	
	<u>Year ended</u> <u>December 31,</u> <u>2022 Actual</u>	<u>2023</u> <u>Guidance<sup>(2)(3)</sup></u>	<u>Year ended</u> <u>December 31,</u> <u>2022 Actual</u>	<u>2023</u> <u>Guidance<sup>(2)</sup></u>
	(US\$/oz)			
Colombia (Nechí Alluvial Property).....	944	1,010 - 1,110	1,059	1,170 - 1,280
Nicaragua (Hemco Property).....	1,161	1,170 - 1,250	1,323	1,350 - 1,430
Argentina (Gualcamayo Property).....	1,444	1,530 - 1,630	1,843	1,840 - 1,940
<b>Consolidated</b>	<b>1,124</b>	<b>1,160 - 1,250</b>	<b>1,365</b>	<b>1,400 - 1,490</b>

**Notes:**

- (1) Cash Cost and AISC are non-IFRS financial measures, and Cash Cost per ounce of gold sold and AISC per ounce of gold sold are non-IFRS ratios, with no standardized meaning under IFRS, and therefore they may not be comparable to similar measures presented by other issuers. For further information, see “Non-IFRS Measures” in this AIF.
- (2) Cash Cost and AISC outlook were prepared assuming an average selling price of gold of \$1,750/oz and inflation of 9% in Colombia, 9% in Nicaragua and 80% in Argentina.
- (3) Includes production from the Company’s Material Properties, and from artisanal mining.

## **DESCRIPTION OF THE BUSINESS**

### **Principal Products**

The Company produces and sells gold as its primary product, and silver as a by-product from its Material Properties: the Nechí Alluvial Property and the Hemco Property. See “*Mineral Properties*”.

### **Business Units and Foreign Operations**

The Company’s operating facilities are located in Nicaragua, Argentina and Colombia. Consequently, the Company is at the date of this AIF dependent on its foreign operations. See “*Risk Factors – Risks Related to Our Operations in Emerging Markets*”. The Company considers each country as an operating segment for financial reporting purposes.

### **Specialized Skill and Knowledge**

The nature of the Company’s business requires specialized skills, knowledge and technical expertise in the areas of geology, engineering, mine planning, mine operations, metallurgical processing, and environmental compliance. In addition to the specialized skills listed above, the Company also relies on staff members, contractors and consultants with specialized knowledge of logistics and operations at our properties and local community relations. To date, the Company has been able to meet its staffing requirements. See “*Risk Factors – The Company depends on highly skilled personnel to grow and operate its business. If the Company is not able to hire, retain, and motivate its key personnel, its business may be adversely affected*”.

### **Sales and Marketing**

The Company has entered into agreements for the secure transportation, refining, and sale of gold produced from its properties on customary commercial terms. Under such contracts, a refiner generally credits refined gold to the Company’s account when it becomes available for sale. Refined gold production is subject to any hedging contracts that are in place, sold at spot prices or on a forward sales basis, with the proceeds from these sales credited to the Company’s account upon delivery of the gold to the counterparty. The Company has stable, long-term relationships with its customers. However, there are many gold purchasers worldwide and, as a result, the Company is not dependent upon sales to any one customer.

### **Competitive Conditions**

The mining industry is competitive, particularly in the acquisition of additional Mineral Reserves and Mineral Resources in all phases of operation, and the Company competes with many companies possessing similar or greater financial and technical resources. The Company also competes with other mining companies and other

third parties over sourcing raw materials, equipment and supplies in connection with its production, development and exploration operations, as well as for skilled and experienced personnel and transportation capacity. See “*Risk Factors – Risks Related to Our Business and Industry – The mining industry is intensely competitive*”.

### **Employees**

As at December 31, 2022, the Company and its subsidiaries employed a total of 2,921 employees. Of these totals, 897 employees are in Colombia, 550 in Argentina and 1,385 in Nicaragua. Of our employees in Colombia 474 are unionized, in Argentina 469 are unionized and in Nicaragua 985 are unionized.

### **Environmental Protection**

All of the Company's mining, exploration and development activities are subject to extensive local laws and specific statutory and regulatory regulations and requirements relating to the protection of the environment, including, but not limited to, air quality, water management and quality, solid and hazardous waste management and disposal, and use and reclamation. As part of its business planning, the Company identifies significant environmental risks and reviews and updates the closure costs for each property to account for additional knowledge acquired with respect to a property or for changes in applicable laws or regulations.

In the second quarter of 2022, the Company received ISO 14001:2015 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management) certification at its Hemco Property. These certifications are issued for an initial period of three years. As such, operations in Colombia, Argentina and Nicaragua are now ISO 14001:2015 and ISO 45001 certified.

The Company is engaged in balancing improved energy use and emissions at each of its operations, while also adapting to and mitigating the impacts related to climate change. In 2022, 184,980 MWh was consumed by the three operations, from which 64% came from renewable energy sources.

Below is an overview of key areas of the Company's approach to environmental management, including mine closure, tailings and waste management, water management, and climate change and extreme weather events.

### **Mine Closure**

All of Mineros' projects have closure plans that are tied to their environmental commitments and permits that have been granted for each operation.

Mineros employs designs and practices that meet or exceed local standards to minimize its impact on the environment during operation, at closure, and post closure, and Mineros is committed to working towards aligning with industry best practices for closure and reclamation. In connection with its commitment, Mineros, through its operations, supports programs for local and regional environmental enhancements to watersheds, forests and regional biospheres. Progressive reclamation is a core activity that Mineros carries out to mitigate existing and potential social and environmental concerns at all of its operations. Costs associated with these efforts, including the operation of supporting activities and infrastructure (e.g. nurseries, etc.) are carried as part of the annual operating costs of the individual mining operations.

Mine closure planning and activities are closely managed by each of the operations with corporate oversight. Each operation has an approved comprehensive mine closure plan that is reviewed regularly by an external third party technical consultant (other than in respect of the Nechí Alluvial Property which is done internally) along with corresponding asset retirement obligations that are updated annually. The Company's reclamation and mine closure obligations as at December 31, 2021 and 2022 were as follows.

	December 31, 2022		December 31, 2021	
	Discounted <sup>(1)</sup>	Undiscounted	Discounted <sup>(2)</sup>	Undiscounted
	(US\$000s)			
Nechí Alluvial Property .....	8,854	19,017	6,865	10,349
Gualcamayo Property.....	20,552	42,943	22,373	34,065
Hemco Property .....	15,073	35,586	11,027	27,503
<b>Total</b>	<b>44,479</b>	<b>97,546</b>	<b>40,265</b>	<b>71,917</b>

**Notes:**

- (1) At the end of December 2022, the discount rate applied for closure obligations related to the Nechí Alluvial Property was 15.17% with the expected costs being incurred between 2023 and 2039; the discount rate applied for closure obligations related to the Gualcamayo Property was 11.53% with the expected closure obligations being incurred between 2025 and 2036; and, the discount rate applied for closure obligations related to the Hemco Property was 11.38% with the expected costs being incurred between 2023 and 2041.
- (2) At the end of December 2021, the discount rate applied for closure obligations related to the Nechí Alluvial Property was 9.43% with the expected costs being incurred between 2022 and 2037; the discount rate applied for closure obligations related to the Gualcamayo Property was 3.98% with the expected closure obligations being incurred between 2025 and 2036; and, the discount rate applied for closure obligations related to the Hemco Property was 10.75% with the expected costs being incurred between 2022 and 2041.

In Colombia, the mine closure plan consists of ecological and landscape restoration agreed jointly with the local stakeholders. The Nechí Alluvial Property operations' closure obligations include restoration of 1,122 ha and forestry compensation of 3,601 ha. Given the nature of the operation, the Company has adopted a strategy of progressive reclamation, restoration, and re-use of impacted lands. In addition to the progressive reclamation efforts, off-site restoration activities are also considered as part of the planned environmental compensation conservation strategy. As part of the closure programs, in 2019, operations at the Nechí Alluvial Property returned to the government two mining concession titles. The Company is not obligated to nor has it posted any environmental bonds for the Nechí Alluvial Property. The mine closure plan for the Nechí Alluvial Property is updated every year.

At the Hemco Property, closure liabilities are based on liabilities arising from artisanal mining operations and industrial mining and milling operations. The closure plan includes detailed inventory of facilities and equipment. Soil and earthwork quantities are based on takeoffs from drawing and topography and unit costs are based on cost information from operation managers and superintendents and industry standard rates from 2012. The final closure liability estimate assumes that progressive reclamation of past, existing, and future pits and stockpiles and related facilities will have been completed prior to final closure. The final closure plan assumes no cost for various components such as housing and related infrastructure (sewage treatment, solid waste management facility, etc.) which are expected to remain as they are important socio-economic elements of the region. Studies relating to mine closure obligations were last updated in 2022. The Company is not obligated to nor has it posted any environmental bonds for the Hemco Property.

The Gualcamayo Property closure considerations were initially identified as part of the conceptual closure plan (CCP) in the original environmental impact assessment for the project. Periodic updates to the CCP have occurred. The CCP includes discussion of various closure scenarios including progressive closure, temporary closure, final closure, post closure works and monitoring and commits to the development of a social closure plan. Studies relating to mine closure were last updated in 2022 and the next CCP update will occur in late 2023 with an estimated value of \$43 million. Argentina lacks a specific regulation related to mine closures and although there were some initiatives to pass legislation regulating mine closure in the province of San Juan, those remain without further development. The Company is not obligated to nor has it posted any environmental bonds for the Gualcamayo Property. The mine closure plan for operations at the Gualcamayo Property is reviewed by Knight Piésold, an external consultant.

### **Tailings and Waste Management**

The Company has developed a waste management strategy and tailings management system, which aims to minimize risks to the environment and our communities. The Company's programs focus on identification, segregation, transportation, disposal, and overall responsible management and monitoring of hazardous, non hazardous, mineral, and tailings waste. The Company believes that sound environmental management also includes the responsible management of general waste, both hazardous and non-hazardous. Waste is minimized

and segregated to enhance recyclability, reuse and proper disposal. If a material is considered hazardous under local legislation, it is disposed of according to prescribed practices.

The Company's tailings management framework governs all tailings management activities at our operations. The Company's tailings strategy leverages this framework to ensure all of its tailings management facilities reach the highest level of safety and the Company actively pursues strategies to mitigate risk in the unlikely event of a failure. It is based on standards that meet or exceed local tailings management standards, and the Company is working towards implementing industry best practices in its operations based on the Mining Association of Canada's Guide to the Management of Tailings Facilities framework, which is aligned with and complementary to the International Council on Mining and Metals' 2016 position statement on preventing catastrophic failure of tailings storage facilities.

At the Hemco Property, of the three operating tailings dams, the two new operating dams for the management of cyanide tailings have been designed by companies with extensive international experience and built in accordance with the Canadian Dam Association (CDA) Dam Safety Guidelines, and the standards of the Mining Association of Canada's Guide to the Management of Tailings Facilities, and QA/QC is carried out by recognized companies in the mining industry. The Company employs high resistance geomembrane waterproofing at all of its tailings dams to help ensure that tailings are safely confined. All operating and planned dams are designed with the downstream regrowth method and all materials used for construction and regrowth are sampled and sent to international laboratories, where the properties are verified in accordance with CDA guidelines.

All hazardous and non-hazardous waste from the Gualcamayo Property is segregated at the place of generation, classified, temporarily stored at a waste management yard pending transfer to a licensed carrier for treatment and delivery to final disposal sites, as authorized by the applicable provincial environmental regulatory authorities. MASA implements waste reduction practices which are included in the objectives and goals of the Gualcamayo Environmental Management System.

Naturally-occurring mercury is produced as a by-product of ore processing at the Gualcamayo Property. The mercury is captured by specifically designed operating equipment and mercury emissions control devices. MASA is a signatory to the International Cyanide Management Code for the Manufacture, Transport, and Use of Cyanide in the Production of Gold of the International Cyanide Management Institute. The Company is committed to the operation of currently available proven technology for controlling sources of mercury emissions. The Company has adopted specific procedures for handling, monitoring, transporting and storing mercury at the Gualcamayo Property, and employees receive training in the safe use and proper management of mercury and other hazardous materials. Mercury produced at the Gualcamayo Property is stored and may be sold domestically in accordance with all applicable regulatory requirements. Pursuant to the Minamata Convention on Mercury, a United Nations global treaty intended to result in reduced global emissions of mercury, Argentina has adopted laws prohibiting the manufacture, import and export of certain mercury-added products as of January 1, 2020. Notwithstanding, a special permit can be requested in order to import or export mercury to/from Argentina, according to Resolution No. 71/2019 of the Federal Secretariat of Environment and Sustainable Development. Further restrictions may be adopted in the future. By-product mercury from the Gualcamayo Property that cannot be sold in the future will be treated and disposed of as hazardous waste in accordance with the Gualcamayo Environmental Management System and applicable laws.

There are no tailings dams at the Nechí Alluvial Property, as no tailings are generated by alluvial mining operations.

### **Water Management**

The Company recognizes that water is a shared resource that must be managed in collaboration with its local communities and stakeholders. Due to the water-intensive nature of processing ore, the scarcity of water in some areas, the wide array of climatic environments where the Company operates and the importance of water for communities and other stakeholders, water management continues to be one of the single most important areas of focus and follow-up. Non-compliance can present a risk to a site's license to operate, with human and aquatic health issues remaining the most significant concern. It is important to note, however, that for alluvial and heap leach operations water use for processing ores is not as intensive as at conventional milling operations as further indicated below.

The Company has adopted stringent water management plans and technologies at all of its operations with a view to reducing fresh water consumption, maximizing water reuse and recycling, and minimizing both effluent volume and risks of environmental damage associated with effluent discharge.

At the Nechí Alluvial Property, water consumption for mineral processing is small as gold recovery occurs primarily through gravity separation at the barges or dry separation. Dredging and screening operations are carried out in isolated man made basins or ponds that are adjacent to but separate from the river, to limit the impact of operations on the adjacent river systems. Water consumption for El Bagre site and facilities is continuously monitored and measured to ensure the quality of the water sources. Effluent waters are treated and monitored before discharge to ensure the quality of the discharge is in accordance with the approved EMP and regulatory requirements, guaranteeing the care and maintenance of the resource. In its alluvial operations, the Company employs best in class practices to minimize potential impacts on water systems in the mining region.

At the Gualcamayo Property, the Company utilizes a heap leach gold recovery process that requires limited water supply as it is a closed-circuit system that recirculates all process-related water, and no process-related effluents are discharged to the environment. Groundwater wells are used to supply site water needs. The supply system has a specific pumping plan for each well in order to avoid overuse and ensure continuous supply. All water used in gold processing at the mine site is treated in approved water treatment plants, and then prior to reuse for vegetation watering or discharge to the environment in accordance with regulations.

At the Hemco Property, conventional milling and tailings disposal in lined facilities is practiced. Water use practices include recirculation of tailings pond water to minimize fresh water needs and mitigate the environmental impacts of water use and discharge. Water recirculation from tailings dams also optimizes the use of chemicals such as cyanide in the beneficiation process, reducing chemical consumption, and enhances dam stability. Water used in underground mining operations is recirculated through a system that pumps mine water to a surface treatment system and returns it for reuse in the mine after treatment. In collaboration with local municipalities, the Company contributes to the maintenance and electricity for two water plants which supply water to the town of Bonanza.

### **Climate Change and Extreme Weather Events**

The Company has a three-fold approach to climate change:

- Adaptation – the Company monitors changes in climate and extreme weather events that could affect its operations and modifies its facilities as necessary.
- Mitigation – each of the Company's operating segments is responsible for developing its own energy reduction strategy and setting its own targets. The Company also has energy efficiency programs that focus on decreasing fossil fuel use and reducing its carbon footprint wherever reasonably possible.
- Preparedness – each operation has developed an emergency preparedness and response plan for extreme weather events and other foreseeable crises and emergencies. These plans, which are periodically updated, ensure that if extreme events occur, site personnel understand their roles and responsibilities and are trained accordingly.

In Colombia, the Company maintains five stations to monitor river levels, three to monitor the weather conditions, and two to monitor the sediments in the river, in order to better design operations and establish prevention and control measures. The energy consumed in the Nechí Alluvial Property is generated from renewable sources, being small run-of-river hydroelectric plants. The Company has been working on initiatives to mitigate its environmental impact, such as measuring its carbon footprint, and identifying main carbon emissions-generating activities so that they can be reduced. As part of this work, emissions generated by fuel consumption has been offset through carbon credits, implementing its TryMyRide program, which seeks to promote sustainable mobility and the reduction of emissions, and developing a work plan to achieve carbon neutrality in the medium- to long-term.

In Nicaragua, Hemco monitors four meteorological stations daily in order to identify possible extreme weather events and to develop preventive measures. Likewise, with historical results, it carries out short, medium and long-

term environmental action plans which are directly related to the planning of business projects. Approximately 43% of the energy consumed at the Hemco Property is renewable energy generated from hydroelectric plants.

In Argentina, based on ISO 14001:2015 guidelines, MASA has implemented an early warning system for floods, in order to detect floodwaters upstream of its facilities and prepare to mitigate the risk of damage and incidents. The system is monitored 24 hours a day, mainly in the rainy season (November to March), and is designed to provide 15 minutes' advance notice of unusual displacements of water, mud and stones so that emergency protective measures can be taken.

The Company has also established an emergency response plan which sets out actions to be taken to respond to and mitigate the effects of emergencies caused by extreme weather events.

In 2022, the Company created operation-specific environmental and social performance indicators. Monthly or quarterly reports on environmental and social performance indicators are provided to site management, local corporate management, as well as the Company's senior executives and the Board. Additionally, the Company carried out an external ESG Risk Rating Assessment, which was conducted by Sustainalytics. The ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and how well a company is managing those risks. Mineros S.A.'s risk rating was 25.6 (Medium Risk, industry rank 17 out of 115). For 2023, the Company's priority is to develop a climate strategy to better understand the challenges and opportunities regarding climate change.

### **Health, Safety, and Community**

The Company is conscious that organizations are sustainable only to the extent they have an overall positive impact on the environment and they help to advance the regions in which they operate. The Company is committed to generating well-being for everyone it impacts, working ethically, prioritizing the health and safety of its employees, caring for the environment, strengthening its social management and promoting a constructive and transparent dialogue with its stakeholders.

To this end, in June 2021, the Company adopted a Corporate Sustainability Policy addressing matters relating to health and safety, the environment, social responsibility and stakeholder relations. The Corporate Sustainability Policy's objective is to establish the guidelines according to which Mineros and its operating subsidiaries conduct their business in a sustainable, safe and environmentally friendly manner, with the highest standards of social responsibility and respect for human rights, as well as how it will relate to its stakeholders.

### **Health and Safety**

The Company places great emphasis on providing a safe and secure working environment for all its employees, contractors and consultants.

All of the Company's operations work hard at creating a culture of safety, placing a high level of importance on self care, safety beliefs and everyday attitudes.

In the second quarter of 2022, the Company received ISO 14001:2015 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management) certification at its Hemco Property. These certifications are issued for an initial period of three years. As such, operations in Colombia, Argentina and Nicaragua are now ISO 14001:2015 and ISO 45001 certified.

The Company's occupational health and safety training program for employees in Colombia, addresses electrical, mechanical, work on heights, hazardous energy, integral care, chemical product handling, personal protective equipment, load hoisting, emergency control, health and safety management system, and system responsibility risks. In Nicaragua, the Company started a program titled "Life", with a stronger approach to creating a culture of safety. The program focuses on training and providing new technical and human skills to employees, through a leaders' formation program. Training sessions are related to workplace risk factors (physical, chemical, biological, ergonomic) and their controls, high-risk work, technical training, and emergencies to exposed employees. These trainings are conducted annually and are followed by evaluations to confirm that training has been effectively

conveyed to and understood by the employees. In Argentina, training sessions deal with hazards, risks, controls, hazardous chemical products, defensive handling, energy control and blocking, equipment safe operation, working at heights and in confined spaces, explosives handling, and flammable material, among others.

The Company is continually measuring both the lost time injuries (i.e. any injury sustained by an employee while on the job that prevents them from being able to perform their job for at least one day/shift, referred to as LTIs) as well as the LTI frequency rate (“**LTIFR**”), being number of LTIs that occurred during the relevant annual reporting period. In addition, the Company also monitors the total recordable injury frequency rate (“**TRIFR**”) which measures the Company’s past safety performance by calculating the number of recordable incidents per 100 full-time workers during a one-year period. On a consolidated basis, the Company’s TRIFR for 2022 was 1.35 (2021: 0.90) and the LTIFR was 0.64 (2021: 0.17). One fatal accident resulting in six fatalities occurred at the Company’s operations in 2022, in Colombia, when a storm with unusually heavy rains and strong winds overturned the Llanuras Plant.

### **Social License and Human Rights**

The Company believes that maintaining a healthy social license and strong stakeholder support for its operations is critical to success, and accordingly aims to maintain such support to create long-term value for all stakeholders. To monitor its social license, Mineros conducts consultations with its stakeholders at least every 24 months. We measure our social license to operate (“**SLO**”) using the model proposed by Thomson and Boutilier, according to which SLO is defined as a community’s perception of the acceptability of a company and its local operations. Their model is based on the concept that the level of SLO is inversely related to the level of socio-political risk a company faces: a lower SLO score indicates higher risk, and vice versa. Thomson and Boutilier’s model identifies four levels of the SLO: the lowest level of SLO is having the social license “withheld or withdrawn”. This implies that the project is viewed as illegitimate, and is accordingly in danger of restricted access to essential resources. Losing a social license represents extremely high socio-political risk. The next highest level of SLO is “acceptance” of the project. If the company establishes its credibility, the social license rises to the level of “approval”. Over time, if trust is established, the social license could rise to the level of “psychological identification”, where the level of socio-political risk is very low. The Company’s latest SLO review process started in the first half of 2022 for Nicaragua and Argentina and at the end of the year for Colombia. The analysis had qualitative and quantitative inputs and the results show a healthy SLO in all operations: 72/100 in Colombia, 84/100 in Nicaragua and 75/100 in Argentina. All of our Material Properties are above approval levels, and Hemco (Nicaragua) is nearing the trust boundary.

During 2022, the Company continued to implement social and environmental programs on an operation-by-operation basis. The Company runs social programs in Colombia at the Bajo Cauca sub-region, in urban and rural areas of the towns of El Bagre, Zaragoza, Nechí, and Anorí; in Argentina, in San José del Jachal, capital of the Department of Jachal in the Province of San Juan, and 18 other districts, as well as Coronel Felipe Varela, Province of La Rioja, its municipal seat, Villa Union, and three other communities near the Gualcamayo Property; and in Nicaragua, in urban and rural areas of the municipalities of Bonanza and Rosita, in the North Caribbean Coast Autonomous Region. The Company is working to develop and implement a corporate strategic framework for sustainability, which will establish common indicators across all operations and enhance our ability to evaluate our sustainability and environmental outcomes.

### **Public Benefit Corporations**

On August 18, 2020, two of the Company’s Colombian subsidiaries, Mineros Aluvial and Negocios Agroforestales S.A.S., adopted amendments to their bylaws to become Public Benefit Corporations (*Sociedad Beneficio e Interés Colectivo*, BIC) under Law 1901/2018, signalling their commitment to pursuing environmental and social objectives as well as maximizing shareholder value. Directors and officers of a BIC corporation are expected to consider social and environmental interests and ensure transparency in environmental, social, and governance disclosure, and must comply with annual reporting requirements relating to its impact of its benefit and collective interest activities. In connection with adopting BIC status, Mineros Aluvial and Negocios Agroforestales also adopted bylaw amendments to include express commitments to promote diversity, invest in their employees, deal fairly with their suppliers, protect the environment and generate value for their shareholders.



### **Artisanal Mining**

There is a long history of artisanal mining in many of the regions in which the Company operates. In Colombia and Nicaragua, the rights of artisanal and small-scale miners to explore and extract minerals are legally protected. The Company has made significant strides in developing a positive working relationship with local artisanal miners, by providing social and economic benefits to individuals and communities in these regions directly and indirectly, while advancing safe work practices and reducing environmental impacts associated with mineral extraction and processing.

In Nicaragua, through Hemco, the Company supports the “Bonanza Model” which offers economic and social benefits to artisanal miners based on a fair and dignified contractually-defined relationship. The Bonanza Model is based on Nicaraguan Law 387 that protects existing artisanal mining and allows artisanal miners to use up to 1% of concessions. Hemco makes available between 3% and 4% of its land package in Nicaragua for artisanal miners under the Bonanza Model organized in 13 cooperatives, being independent and formal entities licensed by the Nicaraguan Ministry of Cooperatives (*Ministerio de Economía Familiar, Comunitaria, Cooperativa y Asociativa*, MEFCCA). Hemco and the artisanal mining cooperatives are members of the Municipal Artisanal Mining Commission (*Comisión Municipal de Minería Artesanal*, CMMA), an inter-institutional organization that functions as the governing body for the sector. The CMMA meets on a regular basis to discuss issues affecting the sector and to guarantee fluid communication between its members.

The model is unique in the country and has been praised as a “game-changer” for the mining industry. It generates more than 8,000 jobs in the Bonanza-Siuna-Rosita “Mining Triangle” district, and promotes local economic development by bringing together different partners to harness resources for sustainable socio-economic growth. In addition, Hemco provides credit to artisanal miners by offering small loans at low interest rates and prioritizing the financing of economic diversification projects and the acquisition of personal protective equipment. The Company purchases ore from artisanal miners based on the gold spot price/grade, less an average of 45% (varies by ore grade). Artisanal miners are also responsible for certain other deductions relating to supplies and services provided by Hemco.

Every year, government authorities carry out a census to determine the number of active artisanal miners in the area. According to the latest census of artisanal miners, there were approximately 1,688 active artisanal mining “collectives” (work-groups of three or four artisanal miners) in Bonanza, representing approximately 6,000 artisanal miners.

During 2022, Hemco worked to strengthen the artisanal mining cooperatives by providing training to their members in various areas, including environment-friendly practices, first aid, geology and blasting, the mining laws of Nicaragua, administration and governance and occupational safety. Mineros also promotes awareness of life and accident insurance for artisanal miners given the lack of awareness and access to social security benefits in the area. To find a solution for this situation, Mineros negotiated with various private insurance companies resulting in the biggest insurance company in Nicaragua (*Instituto Nicaragüense de Seguros y Reaseguros*, INISER) issuing tailor-made insurance policies for artisanal miners. As of December 31, 2022, more than 2,730 artisanal miners had life and accident insurance contracts in place.

Historically, ore purchased from artisanal mining cooperatives formed 40% to 50% of the ore processed by the Hemco Plant and 100% of the ore processed by the smaller Vesmisa Plant and La Curva Plant. In 2022, the processing plants at the Hemco Property processed a total of 325.06 kt of ore purchased from artisanal mining cooperatives, including 247.13 kt (76%) of the ore processed at the Hemco Plant, and 47.27 kt (24%) of the ore processed at the Vesmisa Plant and La Curva Plant. Production from ore purchased from artisanal miners was 92.12 koz Au, representing 69% of the Hemco Property's 133 koz Au aggregate production in 2022.

In Colombia, as a contribution to formalization of informal mining, the Company has been working on a collaborative model, which allows industrial and informal mining to work together. Under this model, two contracts (covering between them eleven operating units) have been signed with operators who used to be informal miners. Currently, such former informal miners are formal, pay taxes and royalties and operate in compliance with the Company's environmental labour and operational standards. This model generates more than 280 direct jobs. Production at the Nechí Alluvial Property from miners operating under this model was 9,972 oz1 Au.

## MINERAL PROPERTIES

### Mineral Resources and Mineral Reserves

The Mineral Resources and Mineral Reserves for the Company have been estimated as at December 31, 2022.

The Mineral Reserves for the Nechí Alluvial Property were updated primarily based on depletion from 2022 production, abandonment, and re-categorization from Mineral Reserves to Mineral Resources. Mineral Resources have been updated to reflect drilling as of December 15, 2022.

The Hemco Mineral Resources and Mineral Reserves have been updated based on new drilling at the Pioneer Mine and the Panama Mine, and on the Porvenir PFS, which has resulted in the first time disclosure of Mineral Reserves for the Porvenir Project. The Mineral Resources and Mineral Reserves for the Hemco Property are taken from the updated Hemco Technical Report, which incorporated Mineral Resources and Minerals Reserves with an effective date of December 31, 2022.

As per the June 30, 2021 life of mine plan, which estimated a remaining 1.5 years of mining at the Gualcamayo Mine, the Gualcamayo Mine Mineral Reserves are now depleted and the Company is initiating their closure plans. While the Gualcamayo Property is declaring no Mineral Reserves, a very small amount of remnant mining continues, and the placement of stockpile material on the heap leach is ongoing at site. The production lag in the heap leach means that gold will continue to be recovered through 2023 and 2024, however this closure transition means that the Gualcamayo Property is no longer considered material to the Company. Mineral Resources are estimated for the unmined Deep Carbonates Project, which is currently under internal study.

The following table sets out the Company's Mineral Reserves by Material Property as at December 31, 2022.

Classification/Property	Tonnes	Grade			Contained Metal			
	(kt)	(g/t Au)	(g/t Ag)	(% Zn)	(koz Au)	(koz Ag)	(t Zn)	(Mlb Zn)
Proven								
Nechí Alluvial Property .....	559,541	0.05	-	-	865	-	-	-
Hemco Property – Panama .....	47	3.36	-	-	5	-	-	-
Hemco Property – Pioneer .....	110	6.06	-	-	21	-	-	-
Hemco Property – Porvenir .....	270	2.70	13.61	3.14	23	118	8	19
Probable								
Nechí Alluvial Property .....	116,976	0.05	-	-	181	-	-	-
Hemco Property – Panama .....	983	4.05	-	-	128	-	-	-
Hemco Property – Pioneer .....	427	4.53	-	-	62	-	-	-
Hemco Property – Porvenir .....	5,524	3.09	10.16	2.96	549	1,804	164	360
Proven and Probable								
Nechí Alluvial Property .....	676,517	0.05	-	-	1,046	-	-	-
Hemco Property – Panama .....	1,031	4.02	-	-	133	-	-	-
Hemco Property – Pioneer .....	537	4.84	-	-	84	-	-	-
Hemco Property – Porvenir .....	5,794	3.07	10.32	2.96	572	1,922	172	379
Total Mineral Reserves	683,879	0.08	-	-	1,835	1,922	172	379

#### **Mineral Reserve Reporting Notes:**

- (1) CIM (2014) definitions were followed for Mineral Reserves.
- (2) Mineral Reserves are as of December 31, 2022.
- (3) Numbers may not add due to rounding.

#### **Nechí Alluvial Property – Colombia:**

- (1) The Nechí Alluvial Property Mineral Reserves have been expressed as tonnes by converting cubic metres to tonnes using a density factor of 2.0 t/m<sup>3</sup>.
- (2) Mineral Reserves are estimated at cut-off grades of 38 mg/m<sup>3</sup> for mining by bucket line dredges, 49 mg/m<sup>3</sup> for Brazilian suction dredge alluvials, 39 mg/m<sup>3</sup> for wheel cutter suction dredge plain alluvials, and 96 mg/m<sup>3</sup> for terrace alluvials.
- (3) Mineral Reserves are estimated using an estimated gold price of US\$1,500/oz Au.
- (4) An exchange rate of COP\$3,500.00 = US\$1.00 was used.

- (5) Gold grade includes some silver. Alluvial gold at Nechí Alluvial Property is 890 fine for reserve estimation.
- (6) A minimum alluvial mining depth of 12 m was used.
- (7) A maximum alluvial mining depth of 30 m was used.
- (8) Mineral Reserves are depleted for production through December 31, 2022.
- (9) Mineral Reserves are estimated using an average long-term gold price of US\$1,500/oz.

#### Hemco Property – Nicaragua:

- (1) Mining method:
  - (a) Panama and Pioneer: shrinkage stoping, sub-level open stoping (SLOS), and bench and fill.
  - (b) Porvenir: cut-and-fill stoping and sub-level stoping.
- (2) Minimum mining width:
  - (a) Panama and Pioneer: 0.90 m for shrinkage stoping and between 1.80 m and 2.00 m for mechanized mining methods.
  - (b) Porvenir: 1.55 m.
- (3) Cut-off grades and values:
  - (a) Panama and Pioneer: marginal and break-even cut-off grades of 2.80 g/t Au and 3.56 g/t Au, 2.12 g/t Au and 2.31 g/t Au, and 2.45 g/t Au and 2.78 g/t Au were applied to shrinkage, SLOS, and bench and fill mining methods respectively.
  - (b) Porvenir: based on NSR value per tonne determinations using metal prices, metal recoveries, and smelter terms. Breakeven NSR cut-off values vary from \$81.34/t to \$83.10/t depending on the mining method.
- (4) Metallurgical recoveries:
  - (a) Panama and Pioneer: 90% for gold.
  - (b) Porvenir: were applied on a block-by-block basis and average 85.6% for gold, 52.8% for silver, and 91, 1% for zinc.
- (5) Dilution:
  - (a) Panama and Pioneer: dilution skins of 0.25 m were applied to shrinkage stopes and between 0.6 m to 0.8 m to mechanized stopes.
  - (b) Porvenir: dilution skins 0.25 m thick on stope footwalls and 0.5 m thick on hanging walls.
- (6) Mining Extraction:
  - (a) Panama and Pioneer: a factor of 70% was applied to shrinkage stopes and between 75% and 95% to mechanized stopes.
  - (b) Porvenir: cut-and-fill 78% to 90% and 90% for sub-level stoping.
- (7) Mineral Reserves estimated using an average long term metal prices of US\$1,500/oz Au, \$19.00/oz Ag, and \$1.27/lb Zn.
- (8) Total silver and zinc grades were not calculated because it is not representative considering the total tonnage.

### Mineros Mineral Resource Statement Effective December 31, 2022

Classification/Property	Tonnes	Grade			Contained Metal			
	(kt)	(g/t Au)	(g/t Ag)	(% Zn)	(koz Au)	(koz Ag)	(t Zn)	(Mlb Zn)
Measured								
Nechí Alluvial Property .....	1,173,236	0.04	-	-	1,365	-	-	-
Hemco Property – Panama .....	28	3.85	-	-	3	-	-	-
Hemco Property – Pioneer .....	12	2.59	11.34	-	1	4	-	-
Hemco Property – Porvenir .....	59	1.75	8.08	2.11	3	15	1	3
Hemco Property – Luna Roja .....	-	-	-	-	-	-	-	-
Hemco Property – Leticia and San Antonio Deposits .....	-	-	-	-	-	-	-	-
Gualcamayo Property – DCP .....	-	-	-	-	-	-	-	-
La Pepa Project (20%) .....	11,763	0.61	-	-	230	-	-	-
Indicated								
Nechí Alluvial Property .....	-	-	-	-	-	-	-	-
Hemco Property – Panama .....	1,849	3.85	-	-	229	-	-	-
Hemco Property – Pioneer .....	481	3.62	9.74	-	56	151	-	-
Hemco Property – Porvenir .....	974	2.39	8.13	2.56	75	255	25	55
Hemco Property – Luna Roja .....	1,164	2.45	-	-	92	-	-	-
Hemco Property – Leticia and San Antonio Deposits .....	-	-	-	-	-	-	-	-
Gualcamayo Property – DCP .....	19,783	3.29	-	-	2,090	-	-	-
La Pepa Project (20%) .....	13,081	0.49	-	-	208	-	-	-
Measured and Indicated								
Nechí Alluvial Property .....	1,173,236	0.04	-	-	1,365	-	-	-
Hemco Property – Panama .....	1,877	3.85	-	-	232	-	-	-
Hemco Property – Pioneer .....	493	3.60	9.78	-	57	155	-	-
Hemco Property – Porvenir .....	1,033	2.35	8.13	2.53	78	270	26	58
Hemco Property – Luna Roja .....	1,164	2.45	-	-	92	-	-	-

Classification/Property	Tonnes (kt)	Grade			Contained Metal			
		(g/t Au)	(g/t Ag)	(% Zn)	(koz Au)	(koz Ag)	(t Zn)	(Mlb Zn)
Hemco Property – Leticia and San Antonio Deposits .....	-	-	-	-	-	-	-	-
Gualcamayo Property – DCP .....	19,783	3.29	-	-	2,090	-	-	-
La Pepa Project (20%) .....	24,844	0.55	-	-	438	-	-	-
<b>Total Measured and Indicated</b>	<b>1,222,430</b>	<b>0.11</b>	<b>-</b>	<b>-</b>	<b>4,352</b>	<b>425</b>	<b>26</b>	<b>58</b>
<b>Inferred</b>								
Nechí Alluvial Property .....	-	-	-	-	-	-	-	-
Hemco Property – Panama .....	2,222	4.60	-	-	329	-	-	-
Hemco Property – Pioneer .....	916	3.99	8.14	-	117	240	-	-
Hemco Property – Porvenir .....	1,694	2.42	12.05	3.64	132	656	62	136
Hemco Property – Luna Roja .....	500	2.33	-	-	37	-	-	-
Hemco Property – Leticia and San Antonio Deposits .....	1,726	3.57	8.37	0.78	198	465	13	30
Gualcamayo Property – DCP .....	3,453	3.38	-	-	376	-	-	-
La Pepa Project (20%) .....	5,005	0.46	-	-	73	-	-	-
<b>Total Inferred</b>	<b>15,516</b>	<b>2.53</b>	<b>-</b>	<b>-</b>	<b>1,263</b>	<b>1,361</b>	<b>75</b>	<b>166</b>

#### Mineral Resource Reporting Notes:

- (1) CIM (2014) definitions were followed for Mineral Resources.
- (2) Mineral Resources are exclusive of Mineral Reserves.
- (3) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- (4) Numbers may not add due to rounding.

#### Nechí Alluvial Property:

- (1) The Nechí Mineral Resources have been expressed as tonnes by converting cubic metres to tonnes using a density factor of 2.0 t/m<sup>3</sup>.
- (2) Mineral Resources for 2021 at Nechí Alluvial Property are estimated at a raw gold cut-off grade of 34 mg/m<sup>3</sup> for suction dredge plain alluvials, 85 mg/m<sup>3</sup> for terrace alluvials, 43 mg/m<sup>3</sup> for Brazilian dredge alluvials and dredge tailings.
- (3) Mineral Resources are estimated using a gold price of US\$1,700/oz Au and an exchange rate of COP\$3,500 = US\$1.00.
- (4) Alluvial gold at Nechí Alluvial Property is 890 fine for resource estimation.
- (5) Mineral Resources are estimated to the depth of dredging and drill hole grade capping has been carried out at 290 mg/m<sup>3</sup>.
- (6) Average thickness of the resource pay gravel is 11.1 m. Average thickness of overburden is 12.0 m.
- (7) Mineral Resources are estimated using drill hole and sample data from December 15, 2022, and depleted for production through December 31, 2022.

#### Hemco Property:

- (1) Cut-off grades and values:
  - (a) Panama: 2.0 g/t Au
  - (b) Pioneer: 2.0 g/t Au
  - (c) Porvenir: NSR cut-off value of US\$82.30/t
  - (d) Luna Roja: open pit: 0.87 g/t Au; underground: 2.0 g/t Au
  - (e) Leticia and St. Antonio: NSR cut-off value of US\$73.30/t
- (2) Minimum width:
  - (a) Panama: 0.9 m was used for all veins except Pluto SW and Cruzada which used underground reporting shapes to demonstrate reasonable prospects for eventual economic extraction
  - (b) Pioneer: 1.0 m was used for all veins except Lone Star, Pioneer Mine, Pioneer Northeast Extension, Pioneer 3, and Pioneer 4 which used underground reporting shapes to demonstrate reasonable prospects for eventual economic extraction
  - (c) Porvenir: 0.8 m
  - (d) Luna Roja: 2.0 m
  - (e) Leticia and St. Antonio: No minimum width applied
- (3) Metal price:
  - (a) Panama: gold price of US\$1,700/oz Au.
  - (b) Pioneer: gold price of US\$1,700/oz Au.
  - (c) Porvenir: gold price of US\$1,700/oz Au, a silver price of US\$20/oz Ag, and a zinc metal price of US\$1.36/lb Zn
  - (d) Luna Roja: gold price of US\$1,700/oz Au, a silver price of US\$20/oz Ag, and a zinc metal price of US\$1.36/lb Zn
  - (e) Leticia and St. Antonio: gold price of US\$1,700/oz Au, a silver price of US\$20/oz Ag, and a zinc metal price of US\$1.22/lb Zn
- (4) Bulk density:
  - (a) Panama: between 2.66 t/m<sup>3</sup> and 2.68 t/m<sup>3</sup>.
  - (b) Pioneer: 2.68 t/m<sup>3</sup>.
  - (c) Porvenir: between 2.65 t/m<sup>3</sup> and 2.90 t/m<sup>3</sup>.
  - (d) Luna Roja: between 3.00 t/m<sup>3</sup> (open pit) or 3.15 t/m<sup>3</sup> (underground).
  - (e) Leticia and St. Antonio: 2.72 t/m<sup>3</sup> for Leticia and 2.75 t/m<sup>3</sup> for San Antonio.
- (5) Metallurgical recoveries:
  - (a) Panama: Average gold recovery of 90%.

- (b) Pioneer: Average gold recovery of 90%.
- (c) Porvenir: were applied on a block by block basis and average 63.39% for gold, 52.55% for silver and 84.05% for zinc.
- (d) Luna Roja: Average gold recovery of 83%.
- (e) Leticia and St. Antonio: Gold recovery of 87%, silver recovery of 60%, and zinc recovery of 86.93%.
- (6) Porvenir and Pioneer Mine, the material within 30 m of the topographic surface has been excluded from the Porvenir Mineral Resources to allow for artisanal mining.
- (7) Total silver and zinc grades were not calculated because it is not representative considering the total tonnage.

---

**Gualcamayo Property:**

- (1) Cut-off grades and values:
  - (a) Santiago: 1.51 g/t Au.
  - (b) Feeder: 2.02g/t Au.
  - (c) Rodado: To acknowledge the low selectivity of the proposed mining method (block caving) at Rodado, all blocks within the domain have been included in the Mineral Resource estimate.
- (2) Minimum width: A minimum width of 1.5 m was applied to all domains.
- (3) Metal price: Mineral Resources are estimated using a long-term gold price of US\$1,700 per ounce.
- (4) Bulk density: 2.7 t/m<sup>3</sup>.
- (5) Metallurgical recoveries: An average gold recovery of 82% was applied to all areas.

Sean Horan, P.Geo., Principal Geologist, SLR, is responsible for the Mineral Resource and Mineral Reserve estimates for the Material Properties contained in this AIF.

**Technical Reports and Other Technical Information**

Certain scientific and technical information contained in this AIF with respect to the Material Properties (including growth and exploration projects located on the Material Properties) was derived from or based on the following Technical Reports:

- The Nechí Technical Report entitled “Technical Report on the Nechí Alluvial Gold Mineral Resource and Mineral Reserve Estimates, Antioquia Department, Colombia”, dated and effective as of September 15, 2021, as amended on October 29, 2021, prepared by or under the supervision of Luke Evans, M.Sc., P.Eng., Richard E. Routledge, M.Sc. (Applied), P.Geo., Ian Weir, P.Eng., Holger Krutzelmann, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc., each of whom is a “qualified person” and “independent” of the Company for the purpose of NI 43-101.
- The Hemco Technical Report entitled “Technical Report on the Hemco Property, Región Autónoma De La Costa Caribe Norte, Nicaragua”, dated effective as of December 31, 2022, as, prepared by or under the supervision of Sean Horan, P.Geo., Varun Bhundhoo, Ing., R. Dennis Bergen, P.Eng., and Brenna J.Y. Scholey, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc., each of whom is a “qualified person” and “independent” of the Company for the purpose of NI 43-101.

Reference should be made to the full text of the Technical Reports, which are available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Technical Reports described above are intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Reports contain the expression of the professional opinion of the qualified persons based upon information available at the time of preparation of the Technical Reports. The Mineral Reserves and Mineral Resources for the Material Properties (including as used in the Technical Reports) have been estimated in accordance with the CIM Definition Standards.

The Gualcamayo Property ceased to be a property material to the issuer when, consistent with the life of mine plan disclosed in the technical report in respect of the Gualcamayo Property, the Company determined to wind-down its mining operations. All remaining Mineral Reserves at the Gualcamayo Mine in Argentina were depleted over 2022 and the Company is starting to implement its closure plan for the Gualcamayo Mine. The Company will be winding-down its open pit and underground oxide gold mining operations at the Gualcamayo Mine over 2023. The Company is in the process of finalizing the schedule for the wind-down but currently anticipates that operations, primarily processing of ore located in heap leach piles will continue to produce gold after the cessation of active mining activities, with production expected to end sometime in 2025.

The technical information contained in this AIF relating to mineral properties in which the Company has an interest, other than the La Pepa Project, has been prepared under the supervision of, or approved by, Sean Horan, P.Geo.,

Principal Geologist, SLR. Mr. Horan is a “qualified person” and “independent” of the Company for the purpose of NI 43-101. Scientific and technical information contained in this AIF relating to the La Pepa Project has been prepared under the supervision of, or approved by, Jorge Aceituno, Registered Member Chilean Mining Commission. Mr. Aceituno is employed by Mineros as Planning Manager, Resources and Reserves, and is a “qualified person” for the purpose of NI 43-101.

### **Material Properties**

#### **Nechí Alluvial Property**

##### **(a) Project Description, Location, and Access**

The Nechí Alluvial Property is located approximately 190 km north-northeast of Medellín in the northeast of the Antioquia Department, within the jurisdiction of the municipalities of El Bagre, Zaragoza, Caucaasia, and Nechí. Approximate coordinates for the centre of alluvial operations are 74°47'45" W longitude, 7°49'31" N latitude, corresponding to UTM Zone 18N 522,500E, 865,000N in the World Geodetic System 1984 (WGS84). Mineros' base of operations at El Bagre is readily accessible by daily commercial air service from the Olaya Herrera domestic airport in downtown Medellín. Flight time is approximately 40 minutes. Access by road from El Bagre to Medellín is available via two routes. One route is 250 km and approximately 12 hours of driving via the town of Segovia to the south of El Bagre. Alternatively, the other route is from Medellín by paved Highway 25 to the town of Caucaasia, situated on the Cauca River, and then southeast to El Bagre, a distance of 300 km and approximately eight hours of driving.

Mineros, through Mineros Aluvial, its wholly owned subsidiary, holds a 100% interest in the Nechí Alluvial Property under two types of mining titles: RPP and mining concession contracts. The RPP and concession contracts that constitute the Nechí Alluvial Property are contiguous and occupy an area along the Nechí River and flood plain of approximately 41,293 ha between the towns of Zaragoza and Nechí. Mineros holds one RPP (RPP 57011) with an area of 36,408 ha and five concession contracts with a total area of 4,885 ha. Mineros' surface and mineral rights are more than adequate to accommodate operations at the Nechí Alluvial Property.

Dredging operations are currently centred approximately 43 km north of El Bagre on the Nechí River and its flood plain. Access for operations personnel is provided by approximately 6.5 m long fibreglass power boats, which seat up to 18 people, and motorized long canoes. Equipment is moved by towed barges. The water fleet is currently 18 boats, five canoes, and five barges. Access by power boat to the dredging area averages approximately 45 minutes. Helicopter platforms are installed on the bucket line dredges for personnel access and for transport of rich-sands in gold to El Bagre. Mineros' Bell 505 Jet Ranger helicopter is used for this purpose.

There are no claim maintenance taxes required to maintain the RPP in good standing. The concession contracts are subject to an annual surface fee that is payable during the exploration and development stages. The fee is calculated per hectare as multiples of the minimum monthly wage, which is adjusted annually. For 2022, the fee was COP\$1,000,000 or approximately US\$236, at an exchange rate of COP\$4,235 = US\$1.00.

Production from the Nechí Alluvial Property RPP is subject to a government royalty according to article 227 of the Mining Code, in application of article 330 of Law 1955 of 2019. The royalty applicable to alluvial gold produced from RPPs is 2% of gross production. RPPs are also subject to a gold tax of 4% pursuant to Law 488 of 1998.

Production from the Nechí Alluvial Property mining concession contracts is subject to a government royalty under article 227 of the Mining Code, which subjects the exploitation of non-renewable natural resources owned by the State to royalties calculated based on a percentage, fixed or progressive, of the exploited gross product, and its sub-products, calculated or measured on gross product. Gold and silver are generally subject to a 4% royalty, except for gold from alluvial deposits, which is subject to a 6% royalty.

##### **(b) History**

The Nechí Alluvial Property is located in a region that has seen artisanal and small-scale alluvial mining since antiquity. By the end of the 19th century, several gold mining companies operated in the northeast of Antioquia.

Among these were the Colombian Mining Company, Frontino and Bolivia Mining Company, Oroville Dredging Company, Compañía Francesa de Segovia, and Compañía Francesa del Nechí.

Exploration to establish the gold potential of the Nechí alluvium was initiated in 1903. Later, in 1906, Pato Mines Company, a subsidiary of Oroville Dredging Company (Oroville), commenced exploitation of terraces with water monitors and conveyors on the west river bank of the Nechí River, near the mouth of Pato Creek.

In 1908, the first bucket line dredge with a digging reach of 12 m began operation. In the 1930s, Placer Development Limited acquired the shares of Oroville, creating a new company under the name of Pato Consolidated Gold Dredging Limited ("**Pato Consolidated**"). Pato Consolidated continued exploration along the Nechí River and, after confirming large alluvial gold reserves, added bucket line dredges capable of digging up to 20 m depth. Further exploration between 1930 and 1934 indicated that the Nechí alluvial deposits contained gold up to a depth of 30 m. By 1938, Pato Consolidated had constructed the Providencia hydro plant, with a capacity in excess of that needed for power dredges, mechanical shops, and facilities at El Bagre.

The main exploration method over the past century has been churn drilling. Mineros drill hole database for the Nechí Alluvial Property includes Pato Consolidated holes dating back to 1931.

In 1956, International Mining Corp. acquired the assets of Pato Consolidated, Nechí Valley Gold Dredging, and Cuturu Gold Dredging and amalgamated these companies into a single entity under Pato Consolidated for the exploitation of the Nechí alluvial deposits. By 1965, seven bucket line dredges were working the alluvials, however, three of them were later retired because of insufficient reach. Pato Consolidated purchased its last dredge in 1969.

Mineros Colombianos S.A. (Mineros Colombianos) was formed in the early 1970s as a Colombian holding company with investments in several mining companies. Mineros Colombianos acquired International Mining Corp.'s two Colombian properties, including Pato Consolidated's Nechí alluvial operations in 1974. Mineros Colombianos was split into Mineros de Antioquia S.A. and Mineros del Chocó S.A. Mineros de Antioquia S.A. (now Mineros) was profitable, whereas Mineros del Chocó S.A. failed and was liquidated in 1977. Mineros de Antioquia S.A. continued alluvial mining operations at the Nechí Alluvial Property, and in 2004, changed its name to Mineros S.A.

In 2010, an additional alluvial production unit was commissioned through the purchase of a wheel cutter-suction dredge and a bucket line dredge. From 2020 to 2021, two Royal IHC wheel cutter suction and seven Daman CSD250 rotary head suction "Brazilian" dredges were put into production.

While still in the early stages, Mineros has interacted with the small scale and artisanal mining community including the EMIJOM and EMICUT organizations, to gain their understanding and support for such an approach. Mineros is currently seeking smaller miners in the area to carry out operating contracts with them. Mineros supports the legalization of informal miners with the objective of reducing environmental and health and safety risks that are associated with illegal mining activities.

Historic gold production from the Nechí alluvial deposits from 1895 to 2022 is approximately 8.9M oz Au, of which Mineros' operations account for approximately 3.0 Moz.

Year	Fine Gold (oz Au)	Year	Fine Gold (oz Au)	Year	Fine Gold (oz Au)	Year	Fine Gold (oz Au)
1974	45,230	1987	38,251	2000	66,337	2013	94,169
1975	41,606	1988	38,008	2001	64,497	2014	95,355
1976	47,412	1989	43,532	2002	63,972	2015	86,142
1977	49,063	1990	40,265	2003	62,324	2016	89,732
1978	48,953	1991	52,918	2004	67,170	2017	88,894
1979	39,316	1992	45,960	2005	79,414	2018	77,151
1980	48,824	1993	42,882	2006	92,667	2019	54,567
1981	46,162	1994	59,808	2007	68,180	2020	69,939
1982	39,354	1995	41,940	2008	81,740	2021	73,129
1983	45,331	1996	53,834	2009	90,040	2022	92,385
1984	49,499	1997	61,465	2010	84,473	<b>Total:</b>	<b>3,050,470</b>
1985	40,271	1998	59,643	2011	95,214		
1986	42,634	1999	56,754	2012	94,063		

(c) Geological Setting, Mineralization, and Deposit Type

The Nechí Alluvial Property lies within the Central Cordillera, one of the three physiographic subdivisions (Central, Western, and Eastern Cordillera) of the Andes Mountains in northern South America.

The area is known as the Segovia-Remedios-Zaragoza Mining District and is host to hydrothermal vein mineralization, which has seen small scale hard rock mining. Large scale alluvial gold mining has been carried out since the 1800s.

East of the Nechí valley, Precambrian San Lucas quartz-feldspathic gneisses are exposed in an elongated body extending 50 km along the east side of the Otu-Pericos regional fault. The rocks have been affected by granulite facies metamorphism and are correlated with the  $1300 \pm 100$  to  $752 \pm 70$  Ma Sierra Nevada de Santa Marta granulites.

Metamorphic rocks of the Cajamarca Complex are bounded on the east by the Otu Fault and on the west by the San Jeronimo Fault. The complex is composed mainly of quartzose metasedimentary rocks, alumina-rich siliceous and basic schists, with some calcareous bodies that were formed during the Lower Paleozoic and have undergone several metamorphic events. Cajamarca Complex rocks are mapped on the east and the west of the Nechí River where they are represented by quartz-feldspathic gneisses that have variable fabrics from schistose, gneissic, and migmatitic.

Diorites composing the Segovia batholith lie east of the Nechí River, in fault contact (Bagre Fault) with the San Lucas gneisses to the east and in intrusive contact with the Cajamarca Complex to the west. The batholith is elongated north-south, coinciding with the regional tectonic framework, and extends for 270 km attaining a width on surface of 50 km in its central part. The latest U-Pb dating indicates an isotopic age of  $154 \pm 1.6$  Ma.

The Caucasia Formation is exposed mostly west of the Nechí River flood plain and consists of poorly consolidated conglomerates composed of gravel and boulders of metamorphic rocks and milky quartz embedded in a clayey sand matrix. The contact with the overlying Taraza Formation is gradational.

Taraza Formation rocks are poorly consolidated yellow-coloured sandstones, locally cross-bedded, with conglomerates composed of milky quartz-rich gravel and other conglomerates locally interspersed in the strata. This unit and the Caucasia conglomerates outcrop from Zaragoza in the south along the western margin of Nechí River flood plain to the Cauca River where the alluvial plain broadens. There is a clear contact and escarpment between the Taraza sediments and the Quaternary deposits that fill the Nechí-Cauca valley, likely marking the Otu Fault trace.

Quaternary alluvium borders the Nechí River from Zaragoza to the Cauca River. These deposits are slightly consolidated and are composed of gravel (60% to 70%) and sand (30% to 40%). The gravels contain coarse clasts/cobbles commonly composed of quartz diorite, amphibolite, sericite schist, vein quartz, andalusite, quartzite, quartz-feldspathic gneisses and, locally, conglomeratic beds characterized by white quartz fragments. Clay lenses within the alluvium are also common. Most of the alluvial dredging is carried out in this unit.



The alluvial mining titles are predominantly underlain by Quaternary alluvial sediments bordered on the east by the Cajamarca Complex rocks and on the west by Caucasía and Taraza formations. The Quaternary sediments are the main material mined by dredging. The alluvium has been subdivided into four units in which seven types of gold-bearing gravels can be differentiated. The stratigraphy from oldest to youngest is represented by bedrock Cajamarca schists, succeeded in turn by Tertiary clay-rich sediments (false bedrock), alluvial gravel pediment, and terraces.

The alluvium stratigraphic column is a gradational sequence consisting of basal coarse gravels followed by, or intercalated with, medium gravels and fine gravels, succeeded by sands and clays, and overburden. The sequence represents the gradual diminishing of sediment load in a fluvial environment. The alluvium was deposited over a hard, compacted clay (false bedrock), considered to be the top of the Tertiary basement, or older Cajamarca metamorphic rocks.

The Nechí alluvial deposit consists of polycyclic sediments sourced predominantly from the Segovia batholith, Antioquian batholith, and other intrusive bodies along the San Lucas Ridge, as well as some metamorphic rocks that surround the Nechí valley. Most of the gold deposited with the Nechí alluvium is derived from igneous and metamorphic rocks enriched with primary disseminated and vein gold mineralization. This source area is located to the east and south along the Nechí and Porce rivers as well as their tributaries. Generally, the intrusive rocks are very susceptible to weathering in addition to other genetic and tectonic processes which promote disintegration and the liberation of resistant minerals and gold.

The Nechí alluvial deposits may be classed as a Tertiary gravel plain gold placer with bordering bench or terrace deposits. The gravel plain style of placer is Mineros' primary exploration target for dredging. Gravel plain deposits are generally characterized by well-rounded gravels, few boulders, and fine gold distributed vertically and laterally in the pay formations. Such placers are formed in low-velocity shifting stream channels in low-gradient valleys. Gold grades in the Nechí River flood plain are elevated at the mouths of creeks draining the high ground (Segovia batholith) to the east and these areas likely represented the merging of creek or river placers with the main gravel plain. In the upper reaches of the Nechí River, the gold-bearing gravel plain placers likely grade into river placers.

Mineros has drill-delineated 95 gold-bearing alluvial zones or blocks occupying 3,660 ha for which Ward placer drilling results exceed the breakeven cut-off grades for the various types of deposits: river alluvial plains, alluvial terraces, and old dredge tailings. The remaining alluvial gold resources and reserves average approximately 11 m in thickness, 3 km in width, and extend continuously for approximately 15 km along the Nechí River valley.

#### (d) Exploration

Mineros explores and develops alluvial gold resources on the Nechí Alluvial Property by churn and sonic drilling vertical holes and sampling alluvium and terraces along the Nechí River, predominantly on the east flood plain that is closer to the likely source of gold, the Segovia batholith.

#### (e) Drilling

The general drilling database totals 12,528 holes totaling approximately 296,364 metres. The general database is a subset of the overall "Placer 2000" database. In addition to Mineros drilling, the database includes Pato Consolidated holes dating back to 1931 for which information is incomplete and some of this old data is recorded in imperial units. Old Pato Consolidated data continues to be added to the Placer 2000 database.

Mineros owns one Fairbanks and ten Ward placer drills. The Ward drills are set up for both platform and pontoon use. The Ward drill is a lightweight mechanized churn drill designed for remote access mobility and is typically used in South America. The Fairbanks drill has been used mostly for piezometry work. Mineros has its churn drills fabricated under contract in Colombia while piping is imported from the USA. Downhole tooling is standardized at 4 1/2" internal diameter (ID) drive casing and 5 5/8" outside diameter (OD) casing shoes. Piping is smaller than the 6" casings traditionally used in the USA Cordilleran alluvial placer exploration. The churn drills are crewed by eight people including a supervisor, driller and helpers/loggers, a panner, security, surveyor(s), and a canoe/boat operator for pontoon operations. Holes are drilled to a dredging depth of 30 m or to bedrock/false bedrock. Drilling penetrates 0.3 m in hard clay false bedrock or bedrock to ensure bedrock has been reached and to sample any gold in crevices that may be recovered during dredging.

The CRS-V CompactRotoSonic dual tube sonic drill uses a one metre customized 4½" ID sample barrel inside a 6⅝" casing which compares to the churn drill tooling in terms of sampling diameter. However, whereas the churn drilling samples may be as short as 0.3 metre, the sonic sampling is at one metre. Crew size is similar for both sonic and churn drilling since logging, sampling, and sample processing at the sonic rig is the same as for churn drilling. Drill logging and sampling data are now recorded electronically on tablets at the drill rig with data exported to the main drill hole database in El Bagre at the end of the shift.

For Measured Mineral Resources, drilling is carried out on a 122 m x 122 m grid set up initially from maps and aerial photographs. Hole step-outs are staggered with respect to adjacent lines to form a triangular pattern. The spacing is a practical carry-over from Pato Consolidated work on 400 ft by 400 ft grids. Detailed drilling to a spacing of 60 m x 60 m is progressively carried out as resources are evaluated for reserves. Lines are located by theodolite with drill collars, then located by global positioning system (GPS) on the ground. Final collar location is determined by Total Station survey. The amount of material actually recovered for each sample can vary, so a number of recovery factors are applied.

The following table summarizes Mineros' annual exploration and resources and reserves definition drilling since 2016.

Year	Holes	Metres (m)	Average Depth (m)
2016.....	411	10,576.20	25.7
2017.....	328	8,239.66	25.1
2018.....	262	6,484.14	24.7
2019.....	185	4,802.40	26.0
2020.....	247	6,053.75	24.5
2021.....	486	10,368	21.3
2022.....	469	11,327	24.2

Mineros personnel drilled on 122 m x 122 m grids down to 60 m x 60 m grids for Mineral Resource categorization. Owing to the targeted alluvial gravels lying under overburden commonly up to 14 m deep in the Nechí River flood plain, churn drilling is the only practical means of placer gold sampling. Exploration in the past was carried out initially by "scout" drilling for reconnaissance sampling on 800 m to one kilometre lines with 480 m step-outs which was followed up with in-fill drilling at step-outs of 122 m to delineate potential resources. Much of the unexplored favourable ground on the east bank of the Nechí River on the RPP land and concession contracts has now been explored and scout and wide spaced drilling have been completed.

Mineros completed drilling of approximately 11,327 metres in 469 holes in 2022. The program employed six Ward churn drills and one Sonic drill designed to expand the current Mineral Resources and infill drilling in the production areas.

(f) Sampling, Analysis, and Data Verification

The method of sampling for the Ward and Fairbanks drills is by conventional placer churn drilling and sampling which relies on a standardized advance or drive of a casing (drive pipe), break-up of the sample material in the casing by a downhole placer churn bit, and collection of samples by means of vacuum pumping material out of the casing. Mineros' drilling and sampling methods adhere to classic procedures developed for placer churn drills (Keystone, Hillman, Fairbanks, Ward, etc.) in the late 1800s and early 1900s in the USA and are employed worldwide. The method of logging, sampling, on site sample processing, quality assurance and quality control (QA/QC), and security for the sonic drill sampling is the same as for the churn drilling as described below, except that sample intervals are at one metre, consistent with the core barrel length, and the grade correction factor for casing and shoes as described for churn drilling is not employed since the sonic drill bit and sample tube are the same diameter and sonic sample is relatively undisturbed.

Barren soil, mud, and clay overburden overlying the pay formations is penetrated at variable lengths up to six metres. The overburden is logged, and the collected sediments are discarded, with the piping washed. Pay formations sands and gravels are sampled at 0.3 m (sometimes 0.6 m) drives and pumped from the casing, emptied into the mud box for examination, and then washed into the volume box (12" x 6" x 6") for volume measure

carried out by a volume stick. The sample is then screened to  $-1/8"$  and the undersize panned by an 18" pan (*batea*) on the rig.

Gold grains recovered from black sand in the batea are examined by hand lens, picked, and counted according to size, i.e., gold grain numbers 1 to 4, and accumulated in a gold sample vial that is labelled for grid line and hole number. Drilling sample logs record grain numbers from 2 to <4.

Since gold is accumulated in a single vial from all samples, only a single grade based on actual weight for the entire clastic column is available for each hole. The drill supervisor/foreman is responsible for the gold grain count and recording.

Panned black sands are accumulated from each sample and retained. At the end of the hole, the black sands are run through a 150 cm by 30 cm sluice for final clean-up. Any gold recovered is recorded and added to the sample gold vial. The gold sample vial and black sand is returned to El Bagre. In the past, all gold was recovered by mercury amalgamation in a Gilkey bowl, however, such gold is generally <200 mesh and considered not dredge-recoverable, so this practice has been discontinued and the black sands simply stored. Gold in the sample vial is nitric acid-washed, the gold grains are handpicked and weighed by micro-balance, and the actual weight is recorded to complete the logging and sampling.

The alluvium is logged, aided by granulometry from screen fractions produced from a screen deck on the rig. For placer drilling and sampling, there is no further sample preparation after the sample recovery and panning/sluicing on the drill rig. Analysis consists of acid washing and weighing the gold grains accumulated for the hole, which is carried out by Mineros personnel on an electronic microbalance at the laboratory in the Mineros dredge black sands final processing and gold smelter facility at the El Bagre complex. The weighed gold and final corrected gold weight are recorded in the drill logs and the database, and then the sample is archived.

In 2008, Mineros began the QA/QC practice of dropping metal shot (ball bearings) down the casing and recording the number of shot recovered by sample pumping. Generally, all the shot has been recovered during the first of the three sample pumpings, and where not, all the shot has been recovered after the third pumping confirming the quality of the placer sampling.

For every sample taken, a series of factors are employed to correct the estimated weight of gold from grain counting as well as the actual weight of gold in the sample vial determined in the El Bagre laboratory. Grade corrections for each advance are necessary to account for incomplete filling or excessive swell of material in the drill casing. Incomplete filling can be caused by hard material packing the casing, lost core forced out by the bit in loose ground, or by boulders or gravel clasts too large to be broken by the placer drill bit or partially blocking the casing during advance. Overfilling may be caused by running ground or differential water pressure that forces material into the casing. Factors are based on actual and theoretical core rise in the casing and theoretical volume versus recovered volume in the volume box.

If the core rise or volume is less than theoretical, the gold weight is adjusted up; when it is greater, the grade is adjusted down. The factor is dependent on casing and casing drive shoe diameters and is standardized for a 30 cm advance per sample.

The drill hole data since 1991 are also stored in "Placer 2000" database software, which is a customized version of "Stratigraph" by Geostat International Systems Inc., a subsidiary of SGS S. A., of Blainville, Québec, Canada.

The data provided in Leapfrog Geo software (Version 2022.1.1) format contains the latest PolyCad drill hole database. The drill holes were viewed on screen and validated using Leapfrog validation routines such as out-of-sequence errors, overlapping intervals, missing intervals. The qualified person is of the opinion that the drill hole database is acceptable to support Mineral Resource and Mineral Reserve estimate.

Mineros conducted comparative testing of sonic drill sampling versus sampling in eight churn drill holes in 2019 prior to purchasing the sonic drill rig in 2021. A 9,800 metre-drilling campaign is planned for 2023, where 6,142 metres are designed to expand the current Mineral Resources and 3,658 metres of infill drilling in the production areas. From the total, 5,840 metres of ward drilling and 3,960 metres of sonic drilling are expected to be completed.

(g) Mineral Processing and Metallurgical Testing

Beneficiation of minerals recovered from the Nechí Alluvial Property starts by a gravity concentration and/or sluice box/blanket treatment on board the dredges or floating plants, followed by a concentration and smelting process in the El Bagre metallurgical plant at Mineros' El Bagre complex.

Alluvial mining utilizes the processing plants located on the five bucket line dredges, consisting of gravity concentration (jigs and sluice boxes in three stages). Three of the bucket line dredges have floating scavenger barges on each side that improve fine gold recovery. Wheel cutter suction dredge plain mining uses the Tromel Plant, a floating processing plant that is fed from one production suction dredge No. 21. The 12 Brazilian rotary head suction dredges have on-board plants consisting of a single deck screen, shaking tables and table concentrate clean-up by Brazil mat sluices. Terrace and old tailings mining utilizes a floating backhoe to feed a floating processing plant, which uses gravimetric recovery units (trommel and sluice boxes) to obtain a concentrate.

Gold concentrates from the mining areas are treated in a gold recovery and smelting process in a facility and laboratory in Mineros' El Bagre complex. Gold quality has been reported consistently to be 890 fineness, or 89% gold in the final doré bar.

The metallurgical recovery estimated for the remaining reserves averages approximately 80%. The recoveries are based on past production experience, although there is no metallurgical back-up available for the recoveries. The qualified person considers the recoveries estimated by Mineros to be reasonable.

Replacement of the mercury amalgamation process on the dredges made the operations safer and environmentally easier to operate.

In 2014, Mineros initiated a test project with Gekko, where an InLine Pressure Jig-based pilot plant was installed on the barge operation, which was tethered to, and received its feed from, the dredge No. 10 production unit. Based on the test results from the pilot plant, Mineros decided to implement the Gekko pressurized jig technology on one of the two jig recovery circuits of dredge No. 10, replacing the gravimetric concentration equipment, from the primary stage to the production of concentrates, prior to the cleaning stage in the sluice boxes. The Gekko jigs did not perform well in operation and were removed from dredge No. 10.

(h) Mineral Resource and Mineral Reserve Estimates

For Mineral Resource and Mineral Reserve estimates for the Nechí Alluvial Property as at December 31, 2022, see "*Mineral Properties – Mineral Resources and Mineral Reserves*".

Alluvial gold Mineral Resource and Mineral Reserve reviews, and audits have been carried out periodically for the Nechí Alluvial Property on behalf of Mineros by SLR since 2008.

The Mineral Resources for the Nechí Alluvial Property as of December 31, 2022, were estimated internally by geologists and mining engineers employed by Mineros using conventional alluvial resource estimation methods, including grade capping and 2D polygonal grade estimation. All previously estimated Indicated alluvial Mineral Resources have been upgraded to Measured Mineral Resources. The Mineral Resources and Mineral Reserves for December 31, 2022, were estimated by depleting the December 31, 2021 Mineral Reserve estimate and adding a new non-material Mineral Resource estimate supported by the 2021 and 2022 drilling.

Measured Mineral Resources are estimated in the detailed drilling areas (122 m x 122 m grid) and where 60 m x 60 m additional in-fill drilling has been performed in planned production areas. Measured Mineral Resources that meet the reserves gold cut-off grades are converted to Mineral Reserves after the application of overburden dilution and dredge recovery factors. In 2022, there was no conversion of Mineral Resources to Mineral Reserves.

The as-built alluvial Mineral Reserve blocks, designed from cut-off grade and operation criteria, are overlaid on the resource polygons and the volume and volume weighted grade are estimated for the reserve blocks using all or part of the polygons and the polygon/drill hole grades. The design may incorporate all or parts of polygons below cut-off grade where necessary for dredge operation.

Measured and Indicated Mineral Resources that meet the Mineral Reserve grade of approximately 100 mg/m<sup>3</sup> as the desired production target grade are converted to Mineral Reserves after the application of overburden dilution and dredge mine recovery factors. All alluvial dilution is estimated to be 7.5%, at zero gold grade. Mine recovery of alluvial Mineral Resources is estimated to be 100% of fully diluted Measured Mineral Resources.

Factors which may affect the Mineral Resource and Mineral Reserve estimates include: dilution and mining recovery, metal prices, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses. To the extent such factors are within the control of, or capable of influence, by the Company, these factors are managed through industry accepted practices and procedures and well as maintaining an engaged and constructive dialogue with the local communities and government authorities.

(i) Mining Operations

Dredging operations are carried out 24 hours per day, 365 days per year. At approximately 80% availability due to equipment maintenance and clean-up, actual dredging is effectively 284 days per year. The nominal production capacity of each of five bucket line dredges, used to mine pay gravel, is 500 m<sup>3</sup>/h. The nominal capacity of the seven wheel cutter suction dredges used to strip overburden, and modified suction dredge No. 21 to mine pay gravel, ranges from 300 m<sup>3</sup>/h to 500 m<sup>3</sup>/h. The nominal capacity of the 11 Brazilian dredges planned for production is 160 m<sup>3</sup>/h. As at June 30, 2021, the planned annual production from mid-2021 to 2034 of 26.85 Mm<sup>3</sup> results in an average hourly production rate of 4,084 m<sup>3</sup> per hour (pay gravel plus overburden).

The alluvial mining operation consists of overburden removal and excavation of the gold-bearing gravel using large floating dredges. The deposits extend for more than 50 km along the Nechí River, with widths up to 3.5 km. The current overall mining process consists of the following four basic phases: (i) overburden removal and deposit with suction dredges or Brazilian dredges; (ii) gravel removal with dredges; (iii) size classification and gravimetric gold extraction; and (iv) final metallurgical processing of doré at the metallurgical plant and laboratory at Mineros' El Bagre complex.

(j) Processing and Recovery Operations

There are three main mining methods: bucket line dredges, "Brazilian" suction dredges, and terrace mining, each with a different gold processing plant associated with it. Bucket line dredge mining utilizes on-board processing plants and three of the five bucket line dredges have barges attached with floating scavenger plants. The "Brazilian" suction dredges have on-board processing plants. The Brazilian suction dredges employ rotating cutter heads and have sluice recovery plants on board. Terrace/old tailings mining currently utilizes a barge-mounted backhoe to feed a trailing floating processing plant, which uses gravimetric recovery units to obtain a concentrate.

Gold concentrates from the mining areas are treated in a gold recovery and smelting process in a facility and laboratory in the El Bagre complex. The overall metallurgical recovery estimated for the remaining reserves averages approximately 80%.

(k) Infrastructure, Permitting, and Compliance Activities

**Infrastructure**

Mineros' base of operations for the Nechí Alluvial Property is established as a complex adjacent to the municipality of El Bagre. El Bagre is located on the southeast riverbank of the Nechí at its confluence with the Tiquí River. The El Bagre complex includes a secure working compound consisting of offices for administration, engineering, exploration, health and safety, as well as a gold smelting facility and assay laboratory, maintenance/fabrication shops and warehouses, port facilities, helicopter hangar and pads, fuel stations, a diesel power generation plant, water supply and treatment system, and an unsecured area of restaurant/recreational complexes, hospital, and employee and guest housing. The working compound is secured by gates and security personnel and occupies 6.4 ha.

The administration building houses the operation manager's office and several departments, including engineering, maintenance, research and development, administration, energy, and human relations. Adjacent

buildings provide accommodation for Mineros personnel. The gold smelting/laboratory building and the helicopter pad are nearby.

The maintenance shops are organized into three departments: mechanical and hydraulic, electric, and transport.

The residential area of the El Bagre complex covers 224.9 ha and has the appearance of a large natural park rather than a mining camp. Housing includes family living quarters, singles accommodations, and guest houses. Club Bellavista, a social club, includes a restaurant, bar, tennis courts, swimming pool, gym, and pool hall. There are several soccer fields and other sports facilities located in the residential area.

Franklin Hospital has an area of 1,878.1 m<sup>2</sup>, with 20 beds, an operating room, maternity room, and pharmacy. El Tomin airport is west adjacent to the Mineros residential area and occupies an area of 200 m by 1,350 m, or 27 ha. The airport facilities were originally owned by Mineros, however, were turned over to the municipality of El Bagre. The port is adequate for the maritime needs of Mineros and is well equipped with moveable docks, cranes, and a fuel supply.

The El Bagre complex is serviced by a potable water supply system, which consists of an intake, an aqueduct, and a treatment plant. Industrial water is pumped from the Tiqüi River into a 34 m<sup>3</sup> elevated tank by a floating pump at a rate of 25.2 L/s.

The sewage system is available for the entire camp. The system has grease traps, septic tanks, and filtration nets. A controlled access complex exists in which waste management activities occur.

The El Bagre complex electrical infrastructure consists of the Providencia hydroelectric plant, a main substation (2.4 kV/44.0 kV) located at the plant, a 44 kV transmission network from the power plant to the distributing substations, several voltage reducing substations (44.0 kV/7.2 kV), distribution networks at 7.2 kV for the different users, and 7200/440/220/110 distribution substations in the dredge production units. The system is backed up by two diesel emergency systems.

### ***Permitting and Compliance Activities***

In Colombia, there are several authorities and entities responsible for environmental policy and enforcement at the national and regional level, including matters related to mining activities and operations. Principal regulators at the national level are the Ministry of Environment and Sustainable Development (*Ministerio de Ambiente y Desarrollo Sostenible*, MADS), the main environmental authority in Colombia and leading governmental entity for the management of environment and natural renewable resources, and ANLA, a government entity responsible for granting and monitoring environmental licenses and permits for large-scale mining projects, among other things.

The principal environmental regulators at the regional level include Regional Autonomous and Sustainable Development Corporations (*Corporaciones Autónomas Regionales y de Desarrollo Sostenible*, CARs), which are regional environmental authorities in charge of granting concessions, permits, authorizations, and environmental licenses for the use, exploitation, or mobilization of natural resources or activities that affect or may affect the environment.

MADS sets rules, policies, and technical standards for the control of pollution, prevention of environmental damage, establishment of standards and limits for the levels of atmospheric emissions and wastewater discharges in connection with mining-related activities. Both ANLA and CARs have powers to grant licenses and permits within their respective areas of jurisdiction, and monitor and enforce compliance with the obligations set forth in those licenses and permits.

The Mining Code and applicable environmental regulations require a mining concession holder to obtain an environmental license for development and exploitation activities, which may be granted as part of an EMP, which establishes obligations for the management of physical, biotic, and socio-economic impacts of a company's operations. Due to its size, ANLA has jurisdiction over the EMP for the Nechí Alluvial Property. Mining and mining-related activities for the Nechí Alluvial Property occur in the municipalities of Zaragoza, El Bagre, Cauca, and

Nechí, for which the regional environmental authority is Corporación Autónoma Regional del Centro de Antioquia (CORANTIOQUIA).

In late 2019 and early 2020, ANLA assumed from CORANTIOQUIA responsibility for future mining and hydroelectric permits upon request by the Company to harmonize its environmental management and permitting processes for the alluvial plain operations at the Nechí Alluvial Property under a single regulatory agency.

Mineros operates the Nechí Alluvial Property under an EMP that was initially approved in 2001. The EMP has been amended several times due to the expansion and entry into operation of expanded mining areas, including, most recently on May 12, 2022, when ANLA granted a modification of the EMP, which authorized the operation of the northern area of the RPP (approx. 1000 hectares). Due to the mobile nature of alluvial mining operations, Mineros must periodically file with ANLA an updated environmental impact assessment, and receive an updated EMP to continue its planned operations. In 2019, 2020 and 2021, the Company experienced delays in obtaining required permits and EMP amendment approvals, which constrained its operations. There can be no guarantee that future permitting delays will not occur. See *“Risks Related to Our Operations in Colombia – The Company has experienced permitting delays that constrained its operations at the Nechí Alluvial Property, and there can be no guarantee that we will avoid future permitting delays”*.

The EMP for the Nechí Alluvial Property includes a social management plan that includes among others, requirements to:

- prioritize local labour hiring, use of suppliers and contractors, and the acquisition of goods and services in the region where it conducts its operations;
- develop and implement at least three initiatives for “productive alternatives” per year for each of the five municipalities that are within the Company’s area of influence. “Productive alternatives” are activities that the Company carries out with the communities that contribute to local consumption and income generation of these communities;
- in association with community representatives, carry out evaluations of the social management programs every two years, assessing among other aspects the effectiveness of the programs, program results, and program quality with respect to objectives. Using these evaluations, consider whether changes should be made for the continuity of the programs or whether the new programs should be considered for implementation; and
- provide support for the formalization of informal mining.

Mineros has established a management system for guiding its operation with respect to the environment, health and safety, and social responsibility. The system provides a proactive planning framework, allows for continuous updates of regulatory and permitting requirements and the distribution of these obligations among various operating units within Mineros as appropriate, and provides a dynamic framework for regular and exceptional performance monitoring. The system is supported by management information system application software hosted on server-based computer systems that link various operational and corporate departments of Mineros. In addition to its operational environmental management, Mineros also has excellent closure practices.

Prior to its elimination between 2012 and 2014, mercury was selectively used in the final stages of sluice gravity extraction on the barges. The use of mercury was carefully managed and controlled in accordance with government regulatory requirements. The elimination of mercury was a significant achievement from a technical, environmental, and social perspective, and sets a performance standard for other alluvial mining and surface mining operations in the region. In addition to its operational environmental management, Mineros also has excellent closure practices.

### ***Project of National and Strategic Interest (PINE) Designation***

In early 2020, the Nechí Alluvial Property was designated as a PINE by the Colombian Ministry of Energy and Mines. In order to qualify for designation as a PINE, a project must: (i) significantly increase the productivity and competitiveness of the national or regional economy, (ii) generate significant impact on direct job creation or

through linkages and/or investment of capital, (iii) generate a positive return on investment and be operationally sustainable, (iv) increase the export capacity of the national economy, (v) generate significant income for Colombia and its regions, and (vi) contribute to the fulfillment of the goals established in the Colombian National Development Plan (*Plan Nacional de Desarrollo*). Through PINE designation, Mineros has access to a framework to accelerate, simplify and streamline administrative processes when coordinating with Colombian government and regulatory authorities, including through initiatives related to planning, streamlining and optimizing administrative procedures and inter-agency coordination. Once a PINE is identified and declared, it benefits from special priority and attention for its implementation and management.

(l) Production, Capital, and Operating Costs

The capital and operating cost estimates have been prepared based on recent operating performance and the operating budget for 2021. These costs were supplied to SLR by Mineros' corporate finance and mine site technical teams. SLR considers these cost estimates to be reasonable, as long as the production targets are realized.

The Mineral Reserves for December 31, 2022 were estimated by depleting the December 31, 2021 Mineral Reserve estimate. As such, the basis for the estimate remains the same. At June 30, 2021 the estimated LOM capital and operating costs for the Nechí Alluvial Property were as follows:

- Mineros' estimate of capital costs required to maintain alluvial mining and processing operations over the LOM between Q1 2023 and Q1 2034, is estimated to be US\$93.54 million, including mining development, sustaining capital, and reclamation and closure costs.
- Mineros' estimate of operating costs required to mine and process 342 Mm<sup>3</sup> of alluvial material is estimated to be US\$580 million over the LOM.
- Bucket line dredge LOM operating costs are estimated to be approximately US\$282 million, at an average operating cost of US\$330/oz Au.
- Suction dredge LOM operating costs are estimated to be US\$26.97 million, at an LOM average operating cost of US\$31.65/oz Au.
- Support operations and site general and administrative LOM operating costs are estimated to be US\$272 million, at an average operating cost of US\$319/oz Au.

The following table summarizes the Nechí Alluvial Property LOM expected operating costs as of June 30, 2021.

Item	Total	2023	2024	2025	2026	2027	2028
Bucket Line Dredge Reserves	281.73	25.19	25.17	25.12	25.32	25.16	25
Suction Dredge Reserves .....	26.97	2.91	3.36	3.08	3.24	3.25	3.37
Terraces Reserves.....	-	-	-	-	-	-	-
Support Areas and G&A.....	271.99	24.07	24.07	24.07	24.07	24.07	24.07
<b>Total</b>	<b>580.63</b>	<b>52.17</b>	<b>52.59</b>	<b>52.26</b>	<b>52.62</b>	<b>52.48</b>	<b>52.43</b>

Item	Total	2029	2030	2031	2032	2033	2034
Bucket Line Dredge Reserves	281.73	24.68	24.52	25.19	25.39	24.21	6.78
Suction Dredge Reserves .....	26.97	3.29	3.07	1.4	0	0	0
Terraces Reserves.....	-	-	-	-	-	-	-
Support Areas and G&A.....	271.99	24.07	24.07	24.07	24.07	21.66	9.63
<b>Total</b>	<b>580.63</b>	<b>52.03</b>	<b>51.66</b>	<b>50.66</b>	<b>49.46</b>	<b>45.87</b>	<b>16.4</b>

The life of mine plan prepared by Mineros is based on a production life of 11.4 years from 2023 to 2034 at an annual mining rate of 11 to 32 million cubic metres containing 41 koz to 106 koz gold and totalling 1,065 koz gold. At a metallurgical recovery of 80%, LOM gold annual fine production ranges from 33 koz to 85 koz and totals 852 koz.



The following table summarizes the current Nechí Alluvial Property LOM production plan.

Dredge Operation	Name	Unit	Total	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Bucket Line Dredge	Volume Excavated <sup>(1)</sup>	Mm <sup>3</sup>	318	28	29	29	28	29	28	28	28	28	28	24	11
	Average Au Grade <sup>(2)</sup>	Mg/m <sup>3</sup>	108	117	110	104	84	104	110	114	120	95	125	91	125
	Contained Fine Gold <sup>(3)</sup>	Koz Au	981	93	91	86	68	85	89	93	95	76	101	63	41
Suction Dredge	Volume Excavated	Mm <sup>3</sup>	25	3	3	3	3	3	3	3	3	1	-	-	-
	Average Au Grade	Mg/m <sup>3</sup>	111	114	142	121	106	82	108	124	133	73	-	-	-
	Contained Fine Gold	Koz Au	82	9	13	10	9	7	10	11	11	2	-	-	-
Total	Volume Excavated	Mm <sup>3</sup>	342	30	32	32	31	32	31	31	31	29	28	24	11
	Average Au Grade	Mg/m <sup>3</sup>	108	117	114	106	86	101	110	115	121	95	125	91	125
	Contained Fine Gold	Koz Au	1,065	102	104	96	78	93	99	104	106	78	101	63	41

**Notes:**

- (1) Diluted; includes overburden.
- (2) Raw gold at 890 fineness.
- (3) Subject to metallurgical recovery at 80%.
- (4) Numbers may not add up due to rounding.

In 2022, the Nechí Alluvial Property produced 92,385 ounces of gold, with Cash Cost per ounce of gold sold of \$953, and AISC per ounce of gold sold \$1,067. On February 17, 2023, the Company announced guidance for 2023 that the Nechí Alluvial Property is expected to produce between 84,000 and 94,000 ounces of gold at a Cash Cost per ounce of gold sold of between \$1,000 and \$1,100, and an AISC per ounce of gold sold of between \$1,200 and \$1,300.

## Hemco Property

### (a) Project Description, Location, and Access

The Hemco Property hosts the Panama Mine, a producing underground gold mine (including Pluto SW, Capitan FW, Neblina Sur, Neblina, Patricia, Eloisa, Foundling, Neptuno, Tesoro, Toboba, Elefante and Cruzada veins), the Pioneer Mine, an underground gold mine, the gold-silver-zinc Constancia vein system which hosts the Porvenir Project, located in the Municipality of Bonanza, and the Luna Roja Deposit and the Caribe Exploration Target, located in the Municipality of Rosita. Portions of the Hemco Property are allocated to artisanal miners in accordance with Nicaraguan laws. The Company also owns and operates three processing plants at the Hemco Property with a combined capacity of 2,000 tpd: the Hemco Plant, the La Curva Plant and the Vesmisa Plant, which process both ore produced by the Company from the Pioneer Mine and the Panama Mine, as well as ore purchased from artisanal miners.

The Hemco Property is located in northeastern Nicaragua near the west central border of RACCN, in the vicinity of the town of Bonanza, approximately 230 km northeast of the capital of Managua. The road from Managua through to Boaco, Río Blanco, Rosita, and ultimately to Puerto Cabezas on the Caribbean coast, provides access to the majority of the RACCN. The total distance by road from Managua to Bonanza is 420 km, of which the segment from Managua to Río Blanco (220 km) is paved. Access to Bonanza from the nearby town of Rosita (30 km) is by gravel road. There is a functioning commercial airport in Bonanza, the San Pedro airport (BZA), which is approximately 5.2 km by road west-northwest from the Panama Mine offices. The dirt, unlighted airstrip at San Pedro is 1,400 m in length and is only suitable for short take-off and landing fixed wing aircraft or helicopter. Nicaraguan domestic airline, La Costeña, makes three flights per week to and from Managua using 12-passenger Cessna Caravan aircraft.

The Hemco Property consists of two non-contiguous, irregularly shaped blocks of mining concessions comprising 25 concessions and one concession application which cover a combined area of 165,452.69 ha, which extend for approximately 70 km in an east-west direction and approximately 100 km in a north-south direction. The centre of

the Hemco Property is located at approximately 1,553,116mN and 760,885mE (WGS84 Zone 16). Individual concessions expire at various times ranging from June 2027 to June 2044. Concessions that are subject to the Mining Law (Nicaragua) are renewable for an additional 25-year term. Concessions that are subject to the Old Mining Law (Nicaragua) may be entitled to be renewed.

Hemco's surface rights include: owned properties totalling 1,106.1 ha, of which 628.2 ha are held pursuant to publicly registered instruments and 476.1 ha are held pursuant to unregistered instruments; possession rights agreements in respect of properties totalling 815.9 ha; and leases with the State of Nicaragua covering 808.5 ha. Such surface rights encompass the Hemco Property industrial area, administrative buildings, workshops and warehouses, camp facilities, and access portals to the underground mine, Venus and Neptune and the Pioneer Mine development area for open pit mining. Hemco also enters into temporary easements from time to time when required in connection with local exploration activities. Hemco's surface rights are sufficient to support Hemco's current infrastructure and mining operations.

Hemco and Royal Road have entered into the Royal Road Nicaragua Alliance Agreement in respect of the Hemco Property. The only area designated for exploration on the Hemco Property under the Royal Road Nicaragua Alliance Agreement is the Caribe Exploration Target. See "*Growth Projects and Exploration Targets – Nicaragua – Caribe Exploration Target*".

All of the Hemco Property concessions other than the Bonanza, Monte Fresco II, and Monte Carmelo II concessions are subject to the Mining Law (Nicaragua), and are accordingly subject to surface rights payment obligations of US\$12.00/ha per year and a 3% legal royalty on the gross sales price of minerals produced.

The Bonanza, Monte Fresco II, and Monte Carmelo II concessions, which are subject to the Old Mining Law (Nicaragua), are subject to surface rights payment obligations of \$8.00/ha per year. Such concessions are subject to Ministerial Resolution No. 018-RN-MC-1994, which did not include the fiscal treatment of the ad valorem tax imposed under the Old Mining Law (Nicaragua). On October 3, 2012, the text was corrected by Ministerial Resolution No. 060-DM-364-2012, which fixes the ad valorem tax applicable to these concessions at 3% of the value of substances produced after beneficiation. Ministerial Resolution No. 060-DM-364-2012 has not been duly recorded on the applicable central and local public registers, and accordingly may not be enforceable.

The surface right payments and ad valorem tax or legal royalty paid, as applicable, are deductible expenses for income tax purposes.

Production from the Bonanza concession, including the Panama and Pioneer mines, is subject to a contractual 1% NSR royalty, and production from the Monte Carmelo II and Monte Fresco II concessions is subject to a contractual 0.5% NSR royalty, in each case payable to Auric Resources Corp. in perpetuity.

#### (b) History

In 1880, the first gold deposits were discovered in the Panama district, and by 1889, underground mine production had commenced from the Constancia vein. In 1902, the Panama Mining Company started operations at the Lone Star deposit. In 1905, a cyanide plant and mill were installed in the Pis-Pis (Bonanza) region. In 1915, the Edén Mining Company, a subsidiary of the Tonopah Mining Company of Nevada, was established to work the Siempre Viva, Constancia, Lone Star, Bonanza, and Concordia mines. The Constancia Consolidated Company was established in 1916 to mine the Siempre Viva and Constancia properties, and the Nicaragua Mining Company of Philadelphia was formed in 1919 to acquire the Lone Star, Bonanza, Mars, and Concordia mines.

In the period from 1922 to 1925, the Edén Mining Company was destroyed by rebel factions involved in national political conflicts. In 1937, the mining operations resumed and were consolidated under the Neptune Gold Mining Company. Numerous vein deposits were mined including Venus, Tesoro, Culebra, Neptuno, La Mar, Neblina, Tigre Negro, Comal, Edén, Nugget, Highland Mary, Pioneer, Colorado, Porvenir, San Joaquín, San Antonio, and the La Deseada.

From 1972 to 1978, a flotation plant was operated to process lead, copper, and zinc. In 1979, the Sandinista government nationalized the mines of Nicaragua, creating the Nicaraguan Mining Institute (INMINE). In 1984,

INMINE, in partnership with the nation of Bulgaria, exploited the polymetallic ores from the Porvenir Plant until the civil war of the 1980s disrupted operations.

In 1994, through the privatization open bidding process, Hemco, a joint venture between Hunt Exploration & Mining Company and Donald J. McGregor and Technica McGregor S.A. of Nicaragua, bought all the assets of the Bonanza, Rosita, and Siuna mines. The assets consisted of a land package, buildings, equipment and facilities, machinery, and six mining concessions granted for a 50-year term. At the time of purchase, only the Panama Mine (then referred to as the Bonanza Mine) was in operation; Rosita and Siuna were inactive. A number of companies subsequently held interests in the Hemco Property prior to its acquisition by Mineros, including Greenstone Resources Ltd., Central America Gold Mine, S.A., Auric Resources Corp., and RNC Gold Inc.

In 2013, the Company acquired shares representing a 90% interest in Hemco. In October 2014, Mineros acquired shares representing an additional 5% interest in Hemco. In March 2015, Mineros transferred shares representing a 0.0025% interest in Hemco to Mercantil Colpatria, S.A., a control person of Mineros to comply with Nicaraguan corporate law which requires companies to have three shareholders in certain circumstances. In August 2016, the Company acquired an additional 4.9975%. On January 15, 2021, the Company indirectly acquired the remaining 0.0025% interest in Hemco through its subsidiary, Mineros Aluvial, increasing the Company's beneficial interest in Hemco to 99.9975%.

Formal gold production has been carried out at the Hemco Property since 1939. Informal production has probably been carried out over the past 120 years. Between 1993 and December 2022, approximately 1.49 million ounces of gold were mined from the Hemco Property through a combination of artisanal and commercial scale mining.

(c) Geological Setting, Mineralization, and Deposit Type

Bonanza is part of the Bonanza-Siuna-Rosita "Mining Triangle" district, located in the eastern extension of the North Interior Highlands of northeast Nicaragua. Gold and copper mineralization of the Mining Triangle is interpreted to be related to a Late Cretaceous to Paleocene island arc.

At the Hemco Property, the majority of mineralization consists of volcanic hosted gold-silver + copper, lead, and zinc epithermal quartz veins of intermediate sulphidation type. Three groups of mineralized, northeast trending veins, called the Panama Group, Pioneer Group, and Constancia Group, respectively, occur within andesitic and agglomerate units. Each group hosts up to 70 principal veins or vein segments, which collectively define a 20 km long mineralized corridor and host the Panama gold and Pioneer gold and silver deposits. The Porvenir polymetallic deposit is hosted within adjacent volcanic rocks.

Two systems characterize the Panama deposit. A set of northeast trending veins, which are often truncated by northwest-trending structures, and a set of northwest trending veins. In general, veins within the Panama deposit consists of veins that are lensoidal to tabular in shape, and pinch and swell along strike and dip. The northeast set of veins generally dip to the northwest from 50-80°, with a strike length of less than 0.5 km to greater than 3.0 km and range in thickness from less than 0.05 m to greater than 20 m. Northwest trending veins dip either to the northeast or southwest from 60-80° and can extend greater than 3 km along strike, with a thickness ranging from less than 0.1 m to approximately 7.0 m.

The Pioneer deposit consists of four mineralized veins that are spread over a strike length of approximately 1,900 m and have a maximum depth of 250 m below surface. These veins have a northeast 45°-50° southwest striking orientation and dip to the northwest from 50°-80° with a thickness ranging from 0.5 to 6.0 m.

The Porvenir deposit consists of polymetallic mineralized veins that are spread over a strike length of approximately 2,200 m and have a maximum depth of 400 m below surface. These veins have a northeast 55°-65° southwest striking orientation and dip to the northwest from 50°-80° with a thickness ranging from 0.8 to 16.0 m.

The Luna Roja Deposit is hosted within skarns associated primarily with the selective replacement of carbonate rocks of the Cretaceous Metapán Formation. The Luna Roja Deposit mineralization is hosted in red-brown-yellow garnet, magnetite and hematite skarn, green-yellow garnet-pyroxene skarn. Bleached or gray marble and hornfels also occur in the Luna Roja Deposit and several intrusive phases have been delineated. An approximately 450 m

long by 80 m wide by 250 m deep mineralized ore shoot was delineated in this main part of the Luna Roja Deposit, which is open laterally toward the southeast and to depth.

(d) Exploration

The Hemco Property covers an extensive area containing very prospective ground for gold mineralization in the Mining Triangle district of Nicaragua. Mineros is of the opinion that there is excellent exploration potential on the Hemco Property and that there is a good opportunity to increase the Mineral Resources with more drilling and resource modelling.

As part of the grassroots exploration process, Mineros continues to compile existing historical exploration and production data from previous work completed in the Mining Triangle. This information is being used to expand the overall geologic knowledge of the district and to search for similar prospective zones.

Hemco and Royal Road have conducted exploration work at the Luna Roja Deposit and the Caribe Exploration Target under the Royal Road Nicaragua Alliance Agreement. See *“Growth Projects and Exploration Targets – Nicaragua – Luna Roja Deposit”* and *“– Caribe Exploration Target”*. On January 1, 2021, Hemco assumed operation of the Luna Roja Deposit from joint venture partner Royal Road and on May 21, 2021, Hemco completed the Luna Roja Acquisition, bringing its interest to 100%. As at December 31, 2022, Mineros and its partner Royal Road suspended all activities under the Royal Road Nicaragua Alliance Agreement, including, terminating the 2022 drilling campaign at Caribe Exploration Target. The next steps moving forward are under discussion between the companies.

Since 2013, mill feed from artisanal mining has formed the majority of production at the Hemco Property. In order to account for the contribution of this material to the Hemco Property, Mineros has an ongoing program of outlining geological potential strictly allocated to artisanal mining.

(e) Drilling

A total of 4,643 surface diamond drill holes (DDH) totalling 666,348 m have been completed at the Hemco Property from 1954 to year end 2022. Drilling data are currently stored in Datamine’s Fusion databases for the Porvenir, San Antonio, Leticia, Pioneer, Luna Roja, and artisanal deposits, and in an SQL database for the Panama deposit.

Between 2011 and 2022, Mineros has carried out diamond drilling for exploration and definition of Mineral Resources using surface drill rigs; KD1000 and KD-600, and underground rigs; UG2000, Gopher, and HC2000.

The exploration drilling programs were continued on the Luna Roja Deposit and the Caribe Exploration Target under the Royal Road Nicaragua Alliance Agreement, although suspended in the last quarter on 2022. As at December 31, 2022, a total of 33 drill holes totalling approximately 5,585 m had been completed on the Luna Roja Deposit and the Caribe Exploration Target. For more information, see *“Growth Projects and Exploration Targets – Nicaragua – Luna Roja Deposit”* and *“– Caribe Exploration Target”*.

At Panama, an infill drilling with the objective of resource conversion to reserve was performed at Capitan FW, Neblina and Pluto. In addition, a drilling program was conducted to expand the resources of Cleopatra, Balbino, and Tigre Blanco. At Pioneer Mine, the target of the drilling campaign was to expand the resources of Pioneer NE, and Pioneer 3. A new target called La Reforma was also drilled at Pioneer Mine to test potential mineralization at depth. A total of 33,610 metres of diamond drilling was drilled in 99 holes at Panama Mine and Pioneer Mine.

(f) Sampling, Analysis, and Data Verification

Mineros follows conventional, industry standard practices for geologic and engineering data acquisition and sampling. Drill core is logged manually for geotechnical data and geology. Core sampling is guided by lithology (i.e. quartz morphology, alteration style, and sulphide content).

Core processing is industry standard commencing with geotechnical logging, geologic logging, and marking of sample limits. Core is oriented and diamond sawed in half with one half placed in a numbered plastic bag with a tag and the other half returned and fitted in the wood core box for archive.

In order to determine material densities, a total of 99 and 537 drill core samples were collected from the Pioneer and Porvenir deposits, respectively. Samples from the Pioneer deposit were shipped to independent laboratory, SGS in Medellín, Colombia (ISO 9001 and BASC V5 – 2017 certifications), for determination of apparent bulk density using the wax coating/water immersion method (code GQ\_GEP). The Pioneer samples were grouped into three lithologies: andesite, breccia, and quartz vein. Samples from the Porvenir deposit were shipped for preparation to the BVM preparation facility in Managua, Nicaragua, then to Acme (BVM) in Vancouver, Canada an independent laboratory, for determination of apparent bulk density using the wax coating/water immersion method.

Sample preparation was performed by BVM in Managua, Nicaragua (ISO 17025 certification). The samples were logged in the tracking system (LIMS), weighed, dried, and crushed to greater than 70% passing a 2 mm screen. A split of up to 250 g was taken and pulverized to greater than 85% passing a 75 µm screen. Following this preparation, pulp samples were shipped for analysis to Acme (BVM) facilities in Vancouver, Canada, an independent laboratory (ISO 9001:2008, Environmental Management: ISO 14001 and Safety Management OH SAS 18001 and AS4801).

All pulps are shipped back to the onsite facility by the inspectorate laboratory. Only selected coarse rejects chosen by the Hemco Property geologist are shipped back to the onsite facility. Pulps and rejects are stored with reference to individual sample locations.

Database management for the Hemco Property is carried out by a dedicated onsite geologist under the supervision of the Hemco Project Geologist and a GIS Geologist. Digital logging using hand-held device is performed by the geologists and is uploaded to Datamine's Fusion database for Porvenir, San Antonio, Leticia, Pioneer, and artisanal areas, and to an SQL database for the Panama deposit.

Assay certificates are emailed to the Mineros GIS Department in Medellín, Colombia, by Acme (BVM) and subsequently emailed to appropriate Mineros employees. Certificates are reviewed and filed by a GIS Geologist in Medellín, Colombia, prior to incorporation into the master assay database.

QA/QC protocols involve the insertion of a minimum of 2% certified reference materials, 2% blank samples, 1% twin duplicates (from split core), 2% field duplicates (from channels, trenches, and outcrops), 2% reject duplicates, and 2% pulp duplicates. In addition, 1% pulp duplicate samples are sent to an external assay laboratory. Mineros has corrected the insertion rate during the 2019 drilling campaign to reflect the protocols.

As part of the QA/QC program, sample pulps were submitted to a secondary laboratory. From 2015 to 2019, Mineros used Acme (BVM) and ALS laboratories for the Hemco Property check assays.

Mineros utilized MS Excel, Isatis, and Leapfrog Geo's validation features to check for any errors or potential issues associated with the drill hole database.

#### (g) Mineral Processing and Metallurgical Testing

The Hemco Property process area is composed of three processing plants: the Hemco Plant, the La Curva Plant, and the Vesmisa Plant. The Hemco Plant treats underground and artisanal feeds, while the La Curva Plant and Vesmisa Plant treat artisanally mined material only. The Vesmisa Plant has a similar flow sheet to the Hemco Plant, using whole ore cyanidation, and produces doré bars. The La Curva Plant produces flotation and gravity concentrates which are sent to Hemco for treatment in an intensive leach reactor. Solution grades and volumes are carefully measured to ensure QA/QC, which is required due to the artisanal feed input. A separate QA/QC department is in place to do sampling, analysis, and reporting for all three plants. This department also conducts metallurgical test work on plant feeds to determine amenability to treatment and recovery of various feedstocks.

There are two sources of feed for the Hemco Plant: artisanal mining and the Panama underground mine, while feed for the Vesmisa and La Curva Plants are exclusively from artisanal mining. The artisanal feed is transported to the Hemco Property by trucks, which are weighed on arrival and departure, and each truck load is placed separately on a pad. More than 50% of the ore being milled at the Hemco Plant and 100% of the ore being milled at the Vesmisa and La Curva Plants is purchased from artisanal mining cooperatives under contracts.

High grade gold and silver ores that contain other elements, such as copper, sulphur, lead, and zinc, were sent to Cuban laboratories (CIPIMM) and Mexico (Tecamachalco) to establish the optimum process for gold extraction. Metallurgical test results for direct cyanidation and cyanidation of flotation concentrates, carried out on these ores, indicated low gold recovery values (30%), i.e., these ores would require shipment of concentrates. Metallurgical tests conducted by the Mexican laboratory to analyze direct cyanidation of the differential flotation concentrates (lead concentrates) concluded that direct cyanidation was neither technically feasible nor economically practicable.

Samples of ball mill feed (i.e., blended, crushed feed to the plant) were sent to Met-Solve Laboratories in Langley, British Columbia. These samples were subjected to a combination of gravity gold recovery, flotation, and cyanide leaching of both the flotation concentrates and the flotation tailings. This test work indicated that there were opportunities to improve overall gold recovery through the installation of gravity recovery and flotation circuits in the plant.

In 2019, test work was carried out by the National University of Colombia to determine Bond Work Indices for five Panama Mine group veins and one Pioneer Mine group vein.

The Porvenir Project is a new deposit that is planned to be mined starting in 2027 with the ore to be processed in a new beneficiation plant using cyanidation and a Merrill-Crowe circuit for gold and silver recovery, and a flotation circuit for the recovery of zinc and minor gold to a zinc concentrate. In 2019, metallurgical test work was carried out at Asmin Industrial Ltda. in Santiago, Chile.

In 2023, Mineros is planning a 6,000 metres drill program to collect material for metallurgical test work to support the reserves.

#### (h) Mineral Resource and Mineral Reserve Estimates

For Mineral Resource and Mineral Reserve estimates for the Hemco Property as at December 31, 2022, see *"Mineral Properties – Mineral Resources and Mineral Reserves"*.

The Mineral Resource estimates for the Hemco Property utilized conventional block model methods for Panama below the 850 ft Level, Pioneer Mine, Porvenir Project, Leticia, San Antonio and Luna Roja. All of the deposits are primarily gold deposits, with or without minor silver, except for Porvenir Project, Leticia, and San Antonio, for which gold, silver, and zinc have reasonable expectations for economic extraction. The Panama deposit resource models are in feet, whereas all other deposits are in metres.

Material within 30 m of the topographic surface has been excluded from the Pioneer and Porvenir Mineral Resources to allow for artisanal mining and, as a result, no Mineral Reserves or Mineral Resources for the Porvenir Project have been attributed to this material. In addition to planned production from the Porvenir Project, pursuant to the Bonanza Model, the Company purchases intends to continue to refine mineralized material collected by artisanal mining collectives at the Hemco Property. Purchases of mineralized material under the Bonanza Model are expected to continue consistent with historical levels even though they are not included in the life of mine plan and cash flow model contained in the Hemco Technical Report.

The Panama Mine consists of Panama, Elefante, Cruzada, Toboba Grande, Tesoro, Neblina, Pluto, Neptuno, Eloisa, Foundling, Patricia and Capitan veins. The Pioneer Mine consists of the Lone Star, Pioneer North East (NE), Pioneer NE Extension (PNE), and Pioneer 3 (PIO3) veins. The Pioneer Mine is located 5.5 km from the Panama Mine and the Hemco Plant. Production from Pioneer is also carried out at the Hemco Plant. Both mines are actually in production.

Historical mining at the Panama Mine has primarily used the shrinkage stoping mining method. Over the past several years Mineros has incorporated long hole mining methods at several of the veins in production. Shrinkage stoping accounts for approximately 10% of the total production over the December 31, 2022 LOM of the Panama operations. The Pioneer Mine has been mined using a sublevel open stoping method and Mineros has also been testing bench and fill mining methods at the Panama Mine and Pioneer Mine.

The Porvenir Project is planned to be independent of other mines on the Hemco Property, having its own mine access, process plant, tailings facilities, and other required infrastructure. Mining and processing operations are

planned to commence at a rate of 1,000 tonnes per day (tpd) in 2027, ramping up to 2,000 tpd beginning in 2029. Mining development is scheduled to start in 2025. Ore will be mined by cut-and-fill stoping and sub-level long hole stoping.

In the past, plant feed has also been sourced from small open pits at the Panama Mine, however, the December 31, 2022 mine plan includes underground mining only. Artisanal production, which has been excluded from the Mineral Reserves, has supplied a large portion of the ore processed currently and historically.

Factors which may affect the Mineral Resource and Mineral Reserve estimates include: dilution and mining recovery, metal prices, refining and shipping terms, metallurgical performance, geotechnical characteristics of the rock mass, capital and operating cost estimates, and the likelihood of obtaining land title, required permits and environmental, social and legal licenses. To the extent such factors are within the control of, or capable of influence, by the Company, these factors are managed through industry accepted practices and procedures and well as maintaining an engaged and constructive dialogue with the local communities and government authorities.

#### (i) Mining Operations

Hemco is actively mining and producing from both the Panama Mine and the Pioneer Mine. The Porvenir Project is a separate mining project located approximately 14 km from the Hemco Plant.

The Panama Mine is a shallow operation comprised of the extraction of several veins, accessed by an adit. Workings are generally 1,300 m along the adits into the Panama Mine and range from immediately below surface level to 250 m deep. The Panama Mine is accessed by a portal and ramp on the 850 Level. Production ore is transferred to ore chutes or truck loading stations where it is loaded onto 20 t trucks, then transported to surface to the Hemco Plant. The main haul level to surface is located on the 850 Level.

The area below the 850 Level has been extensively developed with the intention of mining using long hole stoping methods, however, a few stopes have been planned to be mined using shrinkage methods primarily due to the narrow thickness of the orebody. Production and development mining is with a mechanized suite comprised of a long hole drill rig, face drill rig, load-haul-dump (LHD) trucks (4.2 yd<sup>3</sup> and 6.0 yd<sup>3</sup>), and mine trucks.

Currently, a mixed tracked and mechanized fleet is in operation at the Panama Mine. The tracked equipment consists predominantly of electric locomotives, hoppers, and rocker shovels. The mechanized equipment consists of drill rigs, LHDs, jumbos, and trucks. Both sets of equipment use dump trucks to haul ore and waste out of the Panama Mine.

The Pioneer Mine consists of four mineralized veins that are spread over a strike length of approximately 1.9 km and have a maximum depth of 250 m below surface. The Pioneer Mine is currently accessed via a single portal and ramp located north of the Lone Star vein.

The production approach for the Pioneer Mine is similar to that of the mechanized areas of the Panama Mine. The mineralized veins will be mined using SLOS and will include permanent rib. Stopes will be accessed via an undercut drift and will be mined in a retreat fashion towards the central access. Mineros does not envisage using backfill at Pio. A life of mine plan and production schedule were prepared based on the underground mine designs and Mineral Reserve estimates.

The Porvenir Project will be a stand-alone mining operation with its own processing plant and infrastructure. The deposit was the object of earlier studies by Mineros and Hatch Ingenieros y Consultores Limitada. Most recently, BISA Ingenieria de Proyectos S.A. ("**BISA**") was engaged to prepare a Porvenir PFS with optimized planning and cost estimation and SLR has reviewed the plan. The deposit is considered to be able to support a production rate of 2,000 tpd and mining plans are based upon underground trackless mechanized mining and truck haulage from the mine to a plant to be built at Porvenir. Following Mineros' practice at the other Hemco mines, mine development, drilling, blasting, loading, and haulage will be done by contractors.

The December 31, 2022 combined life of mine plan is approximately 13 years, taking into account the production schedule of the Mineral Reserves occurring between 2023 and 2027, combining production from the Panama Mine and the Pioneer Mine, and between 2027 and 2035 production from the Porvenir Project, assuming Porvenir

detailed engineering starts in January 2025 and construction starts in July 2025 along with some underground development.

The Hemco Plant has a capacity of 2,000 tpd and the Porvenir plant is expected to achieve 2,000 tpd in 2029 after a 2 year ramp up. Life of mine production from Panamá and Pioneer mines is planned to feed an average of 43,000 oz Au per year from Mineral Reserves at the Hemco Plant. In addition to Mineral Reserves, 50% of material milled is expected to come from artisanal sources on the Hemco Plant. Life of mine production from the Porvenir Project is planned to support an average of 63,000 oz Au, 213,000 oz Ag and 19 t Zn per year from Mineral Reserves at the Porvenir plant.

(j) Processing and Recovery Operations

The Hemco Property process area in operation is composed of three processing plants: the Hemco Plant, the La Curva Plant, and the Vesmisa Plant. Overall recovery for the Hemco Plant in 2022 was 91.1% gold, while overall recovery from all three processing plants was 89.3% gold. Throughput has increased over time, and ongoing optimization projects are continuing.

Prior to 2011, the Hemco Plant had a rated capacity of 750 tpd, which, through various upgrades and changes in operating procedures, has since increased to the current 1,750 tpd. The milling process consists of the three crushing stages, two stages of grinding, a primary thickener, an agitated cyanide leach stage comprising eight agitated leach tanks, a Counter Current Decantation (CCD) area comprised of eight thickeners with solutions running counter current to slurry, a Merrill-Crowe process for treating the gold bearing or pregnant solution (precipitation), smelting of the Merrill-Crowe precipitate, to recover doré (silver and gold), at a silver to gold ratio of 2.80 for 2022. The tailings are pumped to the new San José tailings area primarily using two 100 m<sup>3</sup>/h positive displacement pumps and independent tailings pipelines. The Hemco assay laboratory is located in the Hemco Plant area and is capable of assaying gold and silver by fire assay and solutions by atomic absorption. The laboratory handles samples from exploration, the mine, contract miners, and the process plant, including cyanide solutions and doré.

In December 2010, Hemco commissioned the Vesmisa Plant, located approximately five kilometres southwest of the existing Hemco Plant. The Vesmisa Plant has a capacity of up to 140 tpd of artisanal ore and consists of crushing, grinding, alkaline agitation cyanide leaching, Merrill-Crowe, and refining. Tailings are dewatered with a drum filter to recover cyanide solution. The filter cake is slurried and pumped to the tailings impoundment area. The Vesmisa Plant has its own truck scale and assay laboratory for weighing and assaying all artisanal miner ore. The Vesmisa laboratory has one jaw crusher, two shaking machines, 12 pulverizers, and two electric furnaces.

The La Curva Plant is operated to produce a gravity and flotation concentrate from artisanal ore feed only. The La Curva Plant consists of crushing, grinding, gravity recovery and flotation and thickening unit operations. The concentrates are sent to the Hemco Plant for further processing.

The material from the Porvenir underground mine will be treated in a new stand-alone 2,000 tpd plant by cyanidation and flotation under several unit operations. In Phase 1, the processing plant will have a mineral treatment capacity of 1,000 tpd and in Phase 2, it will achieve a capacity of 2,000 tpd. For both phases, the plant will include primary, secondary and tertiary crushing. In the grinding section, the first phase will operate only with a ball mill in a closed circuit and for the second phase, a second ball mill will be installed. These metallurgical processes will allow two products to be obtained, doré bars produced by the cyanidation and Merrill-Crowe process and a zinc concentrate containing copper, gold, and silver produced by flotation.

The zinc concentrate will be shipped and sold to the market. The process tailings will be treated via a cyanide destruction step before being sent to the Porvenir tailings dam for disposal.

Total production (from Mineral Reserves and from artisanal sources) has exceeded 120,000 oz Au per year since 2019 achieving approximately 133koz production in 2022.



Description	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Tonnes Processed	t	392,292	412,565	471,859	542,524	634,062	632,986	649,805	700,048	715,792	716,257
Daily Tonnage	t/cal. day	1,075	1,130	1,293	1,486	1,737	1,734	1,780	1,913	1,961	1,952
Head Grade	g/t Au	5.79	5.79	5.34	5.29	5.62	6.04	6.93	6.15	6.34	6.49
Recovery	% Au	82.57	82.58	85.98	89.84	88.63	88.48	88.20	88.9	88.5	89.30
Poured Gold	oz Au	60,338	63,431	69,681	82,903	101,554	108,689	127,643	123,029	129,137	133,482
Poured Silver	oz Ag	109,724	98,723	108,160	209,315	230,763	194,401	243,851	246,550	373,046	350,889
Silver to Gold Ratio	Ag:Au	1.82	1.56	1.55	2.52	2.27	1.79	1.91	2.00	2.89	2.63

Process results from the individual plants for 2022 are shown below:

Processing Plant	Tonnes Processed (t)	Daily Tonnage (t/cal.day)	Head Grade (g/t Au)	Recovery (% Au)	Poured Metal		Silver to Gold Ratio (Ag:Au)
					(oz Au)	(oz Ag)	
Hemco .....	638,332	1,739	6.09	91.1	113,875	318,604	2.80
Vesmisa .....	47,270	129	8.86	86.3	11,629	25,395	2.18
La Curva .....	30,655	84	11.27	71.9	7,979	6,890	0.86

(k) Infrastructure, Permitting, and Compliance Activities

The Hemco Property infrastructure is well developed and includes the following:

- An adit to access mining areas at the Panama Mine.
- Three Processing Plants, with Hemco treating underground, and artisanal feeds, and La Curva and Vesmisa treating artisanally mined material only.
- Power supply from the Company's own hydroelectric power generation and distribution system, consisting of two hydro plants operating in series and generating up to 5.3 MW. The second source of energy supply comes from a main diesel power plant and a number of generators, which have a capacity of approximately 8.6 MW, and the purchase of energy from the commercial network, which is intended to reach a supply capacity of 1.2 MW.
- Roads to the Company's facilities including the hydro-electric facilities and open pits totalling approximately 50 km.
- Potable water supply from the Neblina reservoir, located in the La Mars gallery, capturing approximately 300 m<sup>3</sup>/d of which 20 m<sup>3</sup>/d is potable.
- Maintenance shops, including: (i) an automotive workshop for maintenance of the diesel and gasoline equipment, as well as welding, electrical repair, tire repair, bodywork, and painting; (ii) an industrial workshop for maintenance of the underground equipment, the water-driven turbines of the hydroelectric power generators, and water pumps; (iii) an electrical workshop for maintenance of all electrical equipment for the process plant and other facilities; (iv) a mine maintenance workshop for repair and maintenance of the electric underground locomotives; and (v) a carpentry workshop for the construction and repair of wooden structures.
- Sewage treatment system designed to treat flows generated by approximately 600 site personnel, and the Wastuná Sanitary (Waste Management) Complex to manage solid waste.
- Approved powder magazine.

- 25,000 m<sup>2</sup> of warehousing and inventory storage, an on-site medical clinic, dining hall, a single employee residence with six rooms, 13 employee houses, a 495 m<sup>2</sup> administration building, and a 315 m<sup>2</sup> engineering office.
- Landline communications, cell phone service, and high speed internet access. Portable radios are also used throughout the mine.
- An approved fuel storage facility at the mine holds 27,368 gallons of diesel fuel.
- An automated sampling plant used to sample ore from artisanal mining operations prior to being sent to the assay laboratory. The sampling plant can accommodate approximately 100 trucks per day (eight working hours) and consists of four sampling stations.

The Porvenir PFS includes provisions for the following infrastructure development for the project:

- Electrical power will be supplied to Porvenir from the local distribution line at 24.9 kV and distributed from a 24.9/4.16 kV main transformer as required on the project. Backup generators to supply critical plant loads will be included in the system; similarly, two backup generators will be installed to supply mine power as needed.
- Fresh water will be taken from a catchment point on the Waspanona River or the El Limon River. Water will be purified at the camp while process water will be taken directly to the plant.
- A personnel camp made up of the accommodation area, which has a capacity for 132 people, and one-story staff category module for 12 people, a two-story supervisor module for 24 people and two two-story contractor modules for 48 people.
- A new tailings storage facility (TSF) located to the southeast of the plant location at an elevation of 454 m. The TSF will have the capacity to store 6.99 Mt (4.51 Mm<sup>3</sup>), which is considered sufficient for the Porvenir Project life. Clean water diversion and contact water collection systems will be constructed to minimize impacts to surface waters.

For Porvenir, approximately 6.4 km of access roads and haul roads will be constructed. All the site roads are designed to be 7 m wide and with a maximum gradient of 12%. The terrain in the area has led to design road cuts up to 25 m high and a net 228,000 m<sup>3</sup> spoil surplus from road construction.

SLR notes that the access road and the roads connecting the portals to the crushing plant will be haul roads and the width and gradient and planned safety berms at 7 m wide do not meet usual guidelines of three times the haul truck width for two way traffic.

Electrical power will be supplied to the Porvenir Project from the local distribution line at 24.9 kV and distributed from a 24.9/4.16 kV main transformer as required on the project. Backup generators to supply critical plant loads will be included in the system; similarly two backup generators will be installed to supply mine power as needed. Additionally there is a project underway, the Rosita Line, to allow interconnection with the 138 kV national grid system from Rosita via Bonanza.

Camp accommodations for 216 persons (employees, staff, and contractors) plus recreation facilities and a dining room will be constructed.

The tailings will be stored in a new tailings storage facility (TSF) located to the southeast of the proposed plant at an elevation of 454 m. The TSF will have the capacity to store 6.99 Mt (4.51 Mm<sup>3</sup>), which is considered sufficient for the Porvenir Project life.

The evaluation, control, and monitoring of environmental legal obligations in Nicaragua is carried out by MARENA and SERENA. The environmental assessment system in Nicaragua, establishes five categories of activities requiring an Environmental Permit from MARENA. Activities at the Hemco Property require Category II, III and IV Environmental Permits.

As of December 2022, Hemco operated under a total of 85 environmental permits. Of these, 70 are Category II and III permits of which 79 are in force, six in process, and none had expired.

During 2022, four environmental permits and authorizations were renewed including:

- Environmental Authorizations: Portal Patricia 1300, artisanal mining storage yards, Ventilation Duct and Elefante Fill Inlet - Raise Boring System.
- Environmental Permit: Pioneer Group Underground Exploitation Project.

Currently, Hemco has a total of 13 environmental permits and authorizations for mining, of which 11 are in effect and two are pending (Neblina open pit closure, Venus Foot Wall/Capitán Central, North and South open pit closure); and no expired permits.

Hemco has a comprehensive and effective Corporate Social Responsibility Plan and various subsidiary strategic plans (e.g., the Plan for Urban Development and Developments (PODU), the Bonanza Model, Ordinance Plan for Artisanal Mining (PODMA), etc.), Policies and Procedures that encompass all aspects of corporate governance in regard to federal, regional and local interactions and initiatives with the full range of stakeholders including: individual inhabitants; rural and urban communities; individual, small scale, and collective artisanal miners; regional and federal institutions and services. Hemco and Mineros develop and monitor strategic and annual plans and have a proven record of positive contribution and enhancements.

For the Porvenir Project, environmental management will be carried out in accordance with existing Hemco corporate EMPs. If any new requirements are identified as the project evolves, additional EMPs would be developed as appropriate. Activities to date have been carried out under an exploration permit. Applications for construction, mining, milling, and other project related permits will be made after the project moves through the environmental assessment process and as feasibility and engineering designs allow. Note that a prior application for environmental assessment was withdrawn due to revisions to the Porvenir Project plan.

Mineros has put in place financial provisions for future expenses related to the closing of its operations. The Hemco Property closure plan was last updated in January, 2023 on behalf of Knight Piésold Consulting. A total of US\$ 33,104,944 (including a 30% contingency) has been allocated to the progressive and final closure of the Hemco (US\$32,657,385) and Vesmisa (US\$447,559) operations. A total of US\$16,227,182 (including a 30% contingency) has been estimated for the final closure of the Porvenir Project to ensure that the site is returned to a stable and safe condition for future land use. The closure plan includes funds for environmental restoration and monitoring, while no funds are included for post-closure social programs.

#### (I) Production, Capital, and Operating Costs

Mineros is planning various operational upgrades between 2023 and 2026 to increase the Hemco Plant's nominal capacity from 1,750 tpd to 2,200 tpd. The expansion capital costs for these operational upgrades for the Hemco Plant have been estimated by Mineros to be approximately US\$18.4 million over the three-year period.

The sustaining capital costs for the Panama Mine and the Pioneer Mine underground operations are based on historical performance and the current operating budget for the year 2023. Sustaining capital costs are estimated to be approximately US\$52.55 million and assumed to support sustaining capital requirements for the Hemco Technical Report's life of mine scenario based on Mineral Reserves. Sustaining capital requirements occur between years 2023 and 2026, including ramp and horizontal development, equipment replacement, growth capital projects, and brownfield exploration. The working capital and sunk costs are excluded from the capital cost estimate.

A summary of the LOM sustaining capital costs for the Panama Mine and the Pioneer Mine is provided as at December 31, 2022.

Item	Total (US\$ million)
Sustaining Capital .....	41.35
Brownfield Exploration .....	11.20
<b>Total Sustaining Capital Costs</b>	<b>52.55</b>

Mine closure costs for the Hemco Technical Report life of mine scenario are based on the updated Hemco Closure Provisional Plan from January 9, 2023 prepared by Knight Piésold Consulting. The estimate includes concurrent reclamation and closure costs estimated to be US\$32.7 million over the life of mine. Concurrent reclamation activities occur between 2023 and 2035, and closure and post closure activities occur between 2036 and 2041.

The operating cost estimates for Mineros' Panama and Pioneer underground operations were prepared based on recent operating performance for 2021 and 2022. Operating costs are reported for the following cost segments: underground mining costs, processing costs, and support and general and administrative costs.

Underground mine operating costs are based on the two mining methods that will be used for the exploitation of Panama and Pioneer underground. Total life of mine mining costs are estimated to average US\$35.12 per tonne.

Processing operating costs are based on Hemco Plant costs as per recent historical mine performance for years 2021 and 2022. Total life of mine processing operating costs are estimated to average US\$39.41 per tonne.

Support and general and administrative costs have been grouped together as per the current enterprise resource planning setup. Support costs include power, maintenance, and some equipment costs for both mining and plant operations. General and administrative costs include costs for areas such as accounting, logistics, insurance, security services, clinic, environmental, and corporate social responsibility. Support and general and administrative costs are estimated at approximately US\$9.85 million per year.

The operating costs to mine and process an estimated 1,568 kt ore over the life of mine totals US\$160 million.

The following table summarizes the Panama and Pioneer life of mine operating costs as at December 31, 2022:

(US\$ million)	Total LOM	2023	2024	2025	2026	2027
Underground Mining .....	<b>55.06</b>	9.16	12.28	12.37	14.41	6.84
Processing .....	<b>61.77</b>	11.17	14.97	14.86	14.21	6.57
Support .....	<b>44.13</b>	9.85	9.85	9.85	9.85	4.73
<b>Total Operating Cost</b>	<b>160.96</b>	30.18	37.10	37.08	38.46	18.14

The following table summarizes the Panama and Pioneer life of mine unit operating costs as at December 31, 2022:

(US\$/t)	Total
UG Mining .....	35.12
Processing .....	39.41
Support .....	28.15
<b>Total Operating Cost</b>	<b>102.68</b>

The capital cost estimate for the Porvenir Project was developed by BISA and Mineros and reviewed by SLR. The total initial capital cost is estimated to amount to \$177.9 million including a \$19.5 million contingency and represents the initial capital and an expansion phase in years 1 and 2 of operation.

The initial capital cost represents the cost required for Stage 1 of construction enabling a processing capacity of 1,000 tpd and the Stage 2 expansion capital cost enabling an increase in processing capacity to 2,000 tpd.

(US\$ million)	Initial Capital Cost	Expansion Capital Cost	Total
Mining .....	21.25	5.06	26.31
Processing .....	67.28	9.34	76.62
Power.....	9.05	-	9.05
Infrastructure.....	7.04	-	7.04
Tailings .....	10.48	-	10.48
<b>Sub-total Direct Cost</b>	<b>115.11</b>	<b>14.40</b>	<b>129.51</b>
Indirect Costs.....	21.31	1.26	22.57
Owner's Costs.....	4.77	-	4.77
<b>Sub-total Indirects &amp; Owners Cost</b>	<b>26.08</b>	<b>1.26</b>	<b>27.34</b>
<b>Total excluding contingency</b>	<b>141.19</b>	<b>15.66</b>	<b>156.85</b>
Contingency .....	19.52	1.57	21.08
<b>Total Capital Costs</b>	<b>160.71</b>	<b>17.22</b>	<b>177.93</b>

The total sustaining capital cost is estimated to amount to \$53.6 million including a \$2.6 million (or 5%) contingency and represents the sustaining capital required in years 2 to 9 of operation.

(US\$ million)	Total LOM	Years							
		2	3	4	5	6	7	8	9
Mining .....	26.13	3.70	3.47	2.60	4.27	4.31	4.13	2.79	0.86
Processing .....	1.50		0.50		0.50		0.50		
Infrastructure.....	2.94	1.49			1.45				
Tailings.....	20.43		3.14	3.14	3.14	3.67	3.67	3.67	
Contingency .....	2.55	0.26	0.36	0.29	0.47	0.40	0.42	0.32	0.04
<b>Total Sustaining Capital Costs</b>	<b>53.55</b>	<b>5.45</b>	<b>7.47</b>	<b>6.03</b>	<b>9.82</b>	<b>8.38</b>	<b>8.72</b>	<b>6.79</b>	<b>0.90</b>

BISA has developed individual elements of the Porvenir Project operating costs subdividing it into six major cost categories as described below:

- Labour – corresponds to the cost of remuneration for direct labour during the operation phase.
- Energy – corresponds to the cost of energy consumption of the equipment considered for the operation of the project.
- Consumables – corresponds to the cost of consumables during the operation phase (e.g., reagents, chemical, explosives, etc.)
- Maintenance materials – corresponds to the cost of equipment and infrastructure wear items due to the level of mineral processing.
- Third-party services – corresponds to the cost of operation for the different sub-contracts that must be implemented during the operation phase (e.g., maintenance, mining development, surveillance, etc.).
- General and administrative process plant – corresponds to the administration expenses associated with people (e.g., accommodation, food, mobilization, etc.)

The following table summarizes the Porvenir life of mine operating costs as at December 31, 2022.

(US\$ million)	Total LOM	Years								
		1	2	3	4	5	6	7	8	9
Mine .....	240.06	21.35	25.24	29.03	29.42	27.40	29.12	29.48	29.26	19.76
Plant.....	213.88	14.63	19.16	26.47	26.47	26.47	26.47	26.47	26.47	21.27
Administration ..	11.29	1.00	1.21	1.34	1.34	1.34	1.34	1.34	1.34	1.06
Tailings .....	16.47	1.02	1.53	2.05	2.05	2.05	2.05	2.05	2.05	1.64
<b>Total</b>	<b>481.70</b>	<b>38.01</b>	<b>47.14</b>	<b>58.88</b>	<b>59.27</b>	<b>57.25</b>	<b>58.98</b>	<b>59.33</b>	<b>59.11</b>	<b>43.73</b>

The following table summarizes the Porvenir life of mine unit operating costs as at December 31, 2022.

(US\$/t)	Total LOM	Years								
		1	2	3	4	5	6	7	8	9
Mine .....	41.42	59.30	46.74	40.32	40.87	38.05	40.45	40.94	40.64	34.33
Plant.....	36.90	40.65	35.48	36.76	36.76	36.76	36.76	36.76	36.76	36.95
Administration ..	1.95	2.78	2.24	1.86	1.86	1.86	1.86	1.86	1.86	1.84
Tailings .....	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84	2.84
<b>Total</b>	<b>83.12</b>	<b>105.58</b>	<b>87.30</b>	<b>81.79</b>	<b>82.33</b>	<b>79.52</b>	<b>81.92</b>	<b>82.41</b>	<b>82.10</b>	<b>75.96</b>

In 2022, the Hemco Property produced a total of 132,520 ounces of gold (including 91,843 ounces of gold produced from ore purchased from artisanal miners) at a Cash Cost per ounce of gold sold of \$1,161 and an AISC per ounce of gold sold of \$1,323. On February 17, 2022, the Company announced guidance for 2023 that the Hemco Property is expected to produce between 125,000 and 135,000 ounces of gold (including between 90,000 and 97,200 ounces of gold from ore purchased from artisanal miners) at a Cash Cost per ounce of gold sold of between \$1,170 and \$1,250, and an AISC per ounce of gold sold of between \$1,350 and \$1,430.

### **Growth Projects and Exploration Targets**

The Company's exploration and growth is focused on the replacement and expansion of Mineral Resources and Mineral Reserves by completing further work at or near our operating mines, at our growth projects and at early-stage exploration targets on our under-explored property interests. We are achieving our goals through systematic exploration programs, which include surface mapping and sampling, geochemical data collection surveys, geophysical surveys and drilling.

A core component of the business strategy of the Company is to explore new targets and develop existing deposits at or near the operating mines or on third party properties that have been optioned by Mineros, with the objective of increasing Mineral Resources and Mineral Reserves and advancing promising deposits towards development.

### **Nechí Alluvial Property, Colombia**

#### ***Near Mine Exploration, Nechí Alluvial Property Expansion***

At the Nechí Alluvial Property, Mineros is exploring for alluvial gold predominantly east of the Nechí River, where the Company is currently mining within Quaternary alluvial sediments.

A total of 11,327 metres in 469 holes were completed in 2022. A 9,800 metre-drilling campaign is planned for 2023, where 6,142 metres are designed to expand the current Mineral Resources and 3,658 metres of infill drilling in the production areas. From the total, 5,840 metres of ward drilling and 3,960 metres of sonic drilling are expected to be completed.

On March 10, 2023, operations at the Nechí Alluvial Property were suspended due to ongoing protests by various groups not associated with the Company against measures taken by the national government of Colombia which caused disruptions throughout the Bajo Cauca region. On March 23, 2023, the Company resumed full operations at its Nechí Alluvial Property.

For Mineral Resource and Mineral Reserve estimates for the Nechí Alluvial Property as at December 31, 2022, see "*Mineral Properties – Mineral Resources and Mineral Reserves*".

### **Hemco Property, Nicaragua**

#### ***Near Mine Exploration, Hemco Property Expansion***

Near mine exploration is focused on the current mining operations; the Panama Mine and Pioneer Mine. Mineralization is related to an epithermal gold system associated with multiple quartz veins.

During 2022, a total of 33,601 metres of diamond drilling in 118 holes were completed. The objective of this was to increase the Mineral Resources and Mineral Reserves at the Panama and Pioneer Mines.

For 2023, the Company plans to carry out 38,000 metres of diamond drilling to expand the current Mineral Resources and Mineral Reserves. A total of 21,000 metres is planned to be drilled at the Panama Mine and 17,000 metres at the Pioneer Mine.

For Mineral Resource and Mineral Reserve estimates for the Hemco Property as at December 31, 2022, see *“Mineral Properties – Mineral Resources and Mineral Reserves”*.

### ***Porvenir Project***

On March 15, 2023, the Company announced the results of the Porvenir PFS, which included 270 kt of Proven Mineral Reserves averaging 2.7 g/t Au, 13.61 g/t Ag and 3.14% Zn, containing 23 koz Au, 118 koz Ag, and 19 Mlb Zn and 5,524 kt of Probable Mineral Reserves averaging 3.09 g/t Au, 10.16 g/t Ag and 2.96% Zn, containing 549 koz Au, 1,804 koz Ag, and 360 Mlb Zn. In addition, 59 kt of Measured Mineral Resources averaging 1.75 g/t Au, 8.08 g/t Ag, and 2.11 % Zn, containing 3 koz Au, 15 koz Ag, and 3 Mlb Zn, 974 kt of Indicated Mineral Resources averaging 2.39 g/t Au, 8.13 g/t Ag, and 2.56% Zn for contained metal of 75 koz Au, 255 koz Ag, and 55 Mlb Zn and 1,694 kt of Inferred Mineral Resources averaging 2.42 g/t Au, 12.10 g/t Ag, and 3.64% Zn, for contained metal of 132 koz Au, 656 koz Ag, and 136 Mlb Zn.

Porvenir Project base case economics include an after-tax net present value (using a 10% discount rate) of approximately \$42 million, an after-tax IRR of approximately 16% and a payback period of approximately 4 years from start of production in 2027, assuming \$1,500/oz Au, \$19.00/oz Ag, and \$1.27/lb Zn.

The Porvenir Project will add average annual production over its nine-year mine life of 56,700 oz Au per year, along with 112,300 oz Ag per year and 38.5 Mlb Zn per year to the Hemco Property.

After-tax net present value (using a 5% discount rate) of \$160mm at \$1,650/oz Au, \$20.90/oz Ag, and \$1.40/lb Zn; increasing to \$216mm at \$1,800/oz Au, \$22.80/oz Ag, and \$1.52/lb Zn.

IRR of 21% and after-tax payback period of 3.5 years from start of production at \$1,650/oz Au, \$20.90/oz Ag, and \$1.40/lb Zn.

Mineros plans to carry out a 6,000 metre diamond drilling campaign in 2023 with the objective of providing material for metallurgical test work.

For Mineral Resource and Mineral Reserve estimates for the Porvenir Project as at December 31, 2022, see *“Mineral Properties – Mineral Resources and Mineral Reserves”*.

### ***Luna Roja Deposit***

The Luna Roja Deposit is a skarn gold system, located 24 km southeast from Hemco facilities. On January 1, 2021, Hemco assumed operation of the Luna Roja Deposit from its joint venture partner Royal Road and on May 21, 2021, Hemco completed the Luna Roja Acquisition, bringing its interest to 100%. See *“Three Year History and Recent Developments – Developments – Operations – Hemco Property – Luna Roja Deposit”*.

In 2019, Royal Road and Hemco completed a drilling program of 17 diamond drill holes totalling 2,472 metres. Drilling identified broad zones of auriferous skarn to 150 metres depth and extending 400 metres northwest-southeast in artisanal mining activity area.

In 2020, Royal Road completed ground-based magnetic and microgravity surveys over the entire Luna Roja Deposit, which further defined targets drilled of 3,095 metres in 19 holes.

In 2021, the Company completed a 6,700-metre drilling program in 40 holes to expand mineralization at depth and laterally.

In July 2022, Mineros announced an initial Mineral Resource estimate for the Luna Roja Deposit. In addition, Mineros drilled 2,883 metres of diamond drilling in 20 holes, including 538 metres in 9 near surface, short holes with the objective of expanding the actual Mineral Resources and 2,345 metres in 11 holes to test geophysical anomalies around the main deposit.

For 2023, the Company has planned to carry out a 5,000 metre diamond drill campaign, where 2,500 metres will be focused on expanding the main deposit and 2,500 metres will be directed to evaluate new discoveries.

The following table summarizes drilling completed at the Luna Roja Deposit:

Exploration Target	Time Period	DDH	
		No. Holes	Metres (m)
Luna Roja	2019	17	2,472
	2020	19	3,095
	2021	40	6,700
	2022	20	2,883
<b>Total</b>		<b>96</b>	<b>15,150</b>

For Mineral Resource and Mineral Reserve estimates for the Luna Roja Deposit as at December 31, 2022, see “Mineral Properties – Mineral Resources and Mineral Reserves”

### ***Caribe Exploration Target***

The Caribe Exploration Target is located on the Hemco Property approximately 42 km southeast from the existing Hemco facilities. Mineralization is associated with sulphide-hydrothermal breccias.

In 2022, the Company completed a total of 2,702 metres of diamond drilling in 13 holes and 6,511 metres of Rotary Air Blast/Reverse Circulation (RAB/RC) drilling in 348 holes at the Caribe Exploration Target.

On October 26, 2022, a designated project area was declared by Royal Road in respect of Hemco Rosita VI and the application made by Hemco known as Application Hemco Rosita VII.

Mineros and its partner Royal Road suspended the 2022 drilling campaign at Caribe Exploration Target within the designated project area in the fourth quarter of 2022, excluding those related to desktop geologic modelling and the estimation of an internal resource and select social and environmental activities, and have agreed that as soon as reasonably practicable they will determine the appropriate structure and timing for the transfer of interests in the designated project area with a view to maximizing organizational and operational efficiencies and other related legal concerns on the best structure for ownership of the designated project area.

No drill program is planned at the Caribe Exploration Target for 2023.

Between 2019 and 2022, a total of 8,970 metres of diamond drilling in 52 holes was completed at the Caribe Exploration Target, as summarized in the following table.

Exploration Target	Time Period	DDH	
		No. Holes	Metres (m)
Caribe	2019	4	413
	2020	12	1,659
	2021	23	4,196
	2022	13	2,702
<b>Total</b>		<b>52</b>	<b>8,970</b>



The following table details selected drill hole intercepts at the Caribe Exploration Target:

DDH	From (m)	To (m)	Interval (m)	Grade (ppm Au)
CB-DDH-039 .....	51.0	119.0	68	0.9
And .....	135.0	139.0	4	1
CB-DDH-040 .....	0.0	104.0	104	0.8
And .....	139.0	205.0	66	1.3
CB-DDH-044 .....	90.0	204.0	114	1
CB-DDH-049 .....	19.0	24.4	5.4	0.9
And .....	50.8	53.8	3	1.2
And .....	71.6	90.0	18.37	0.9
CB-DDH-050 .....	27.0	199.0	172	1.4
Including .....	80.0	85.0	5	8.27
Including .....	103.0	108.0	5	5.13
Including .....	160.0	182.0	22	2.4
CB-DDH-051 .....	82.0	191.0	109	1
Including .....	162.0	174.0	12	2.6

**Notes:**

- (1) The true width of the mineralized zone has not yet been determined.
- (2) As publicly disclosed by Royal Road in its press release titled "Royal Road Provides Exploration Update for its Caribe Gold Discovery, Nicaragua", effective December 6, 2022.
- (3) Down hole cut-off of 0.2 g/t gold.
- (4) Maximum internal dilution, 10 metres.

In addition to the diamond drilling program, a Rotary Air Blast/Reverse Circulation (RAB/RC) campaign was also completed between 2021 and 2022. This campaign focused on soil/laterite sampling, with a total of 8,689 metres in 453 RAB/RC holes. Scout reverse circulation results implies that the gold mineralized system at the Caribe Exploration Target has a bulk northeast-southwest trend and remains open along a total strike length of approximately 2.5 kilometers.

### ***Hemco Property Regional Exploration***

As part of the Royal Road Nicaragua Alliance Agreement, Mineros and Royal Road are reviewing the regional exploration program on the Hemco Property outside the area of the current and planned Hemco Mining Operations (including the Luna Roja Deposit). Additionally, the Company is independently advancing with regional greenfield exploration within Hemco Mining Operation areas outside of the Royal Road Nicaragua Alliance Agreement. The 2022 regional exploration program was completed with a total of 5,888 metres of diamond drilling in 26 holes.

As part of the Royal Road Nicaragua Alliance Agreement, a total of 3,691 metres of drilling in 13 holes were completed at the Nueva América and Murcielago Exploration Targets.

As part of the independent greenfield exploration campaign, Mineros advanced with its program in several targets through rock sampling, soil sampling, mapping and exploration drilling. A total of 2,197 metres in 13 holes was completed in 2022.

As of December 31, 2022 exploration activities under Royal Road Nicaragua Alliance Agreement have been temporarily suspended, and as such, no further drilling is planned in 2023.

## **Gualcamayo Property, Argentina**

### ***Near Mine Exploration, Gualcamayo Property Expansion***

The Gualcamayo Mine consists of three operating open pits, QDD Main, Amelia-Ines-Magdalena (“**AIM**”), and Target D, and one operating underground mine, QDDL. The near mine exploration also includes Las Vacas, Sierra de Alaya, Cuerpo Este, Cuerpo Norte and Bajo Prego Robbing deposits.

A total of 24,269 metres in 145 holes were completed in 2022. The total includes 7,421 metres of diamond drilling and 16,848 metres of RC drilling. The Company decided to cover broader areas of production with the same drilling budget by adding more metres of RC drilling, re-balancing the original drilling plan. This work was focused on QDD Main, AIM, Target D, Sierra de Alaya, Las Vacas and QDDL to support the 2022 production plan of mining of remnants during 2023.

### ***Deep Carbonates Project***

The Deep Carbonates Project is comprised of three deposits, Rodado, Feeder, and Santiago, which are located below the current QDDL mine. The mineralization is related to a sediment-hosted distal-disseminated gold system, which hosts all of the remaining Mineral Resources at the Gualcamayo Property and is not amenable to the heap leaching processing method currently being used at the Gualcamayo Mine.

As a consequence of general difficulties with deep drilling, the Company concluded 92% of the original drilling plan, totaling 4,908 metres of diamond drilling in 10 holes in 2022. This drilling program was focused on expanding the current Mineral Resources at the Rodado deposit which has been updated with an effective date of December 31, 2022.

Notwithstanding the winding down of activities at the Gualcamayo Mine, the Company continues to analyze mining and processing scenarios for its sulphide gold at the Deep Carbonates Project and is expecting to provide an update in 2023. Much of the infrastructure that currently services the Gualcamayo Mine is expected to be amenable to adaptation and reuse for any future mining operation.

For Mineral Resource and Mineral Reserve estimates for the Deep Carbonates Project as at December 31, 2022, see “*Mineral Properties – Mineral Resources and Mineral Reserves*”.

### ***Gualcamayo Property Regional Exploration***

The Gualcamayo Property consists of approximately 39,200 hectares of non-contiguous mining concessions and exploration permits within different mineralization types such as sedimentary-hosted, sulphide-bearing skarns and gold-porphyry styles.

A total of 5,690 metres of RC drilling in 19 holes was drilled at the Salamanca deposit in 2022, completing 50% of the original regional drill program. The original greenfield exploration program was restructured by Mineros due to limited availability of drilling equipment in Argentina in 2022.

The Company is also continuing to evaluate prospective greenfield exploration targets at the Gualcamayo Property although, at this time, no regional exploration drilling is planned for 2023.

## **La Pepa Property, Chile**

On October 25, 2022, the Company determined not to exercise its second option under the La Pepa Option Agreement to earn an additional 31% interest in the La Pepa Project. The Company continues to hold a 20% interest in the La Pepa Project. The next steps moving forward are under review between Mineros and Yamana.

For Mineral Resource and Mineral Reserve estimates for La Pepa Property as at December 31, 2022, see “*Mineral Properties – Mineral Resources and Mineral Reserves*”.

## **GNM Exploration Target, Colombia**

The GNM Exploration Target is an early-stage exploration target comprising the Guintar-Niverengo concession contract (formerly the contiguous Guintar and Niverengo concession contracts which have been merged) and the non-contiguous Margaritas concession contract and is operated under a joint venture with Royal Road with each party currently holding a 50% interest.

The 2022 Guintar drilling program was completed in the third quarter, totaling 2,583 metres in 8 holes, which was 23% more than originally planned.

As of December 31, 2022 exploration activities under Royal Road Nicaragua Alliance Agreement have been temporarily suspended, and as such, no further drilling is planned in 2023.

## **RISK FACTORS**

There are certain risks associated with owning securities of the Company that holders should carefully consider. The risks and uncertainties below are not the only risks and uncertainties facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company and cause the price of its securities to decline. If any of the following risks actually occur, the business of the Company may be harmed and its financial condition and results of operations may suffer significantly. In that event, the trading price of the Company's securities could decline, and holders may lose all or part of their investment. In addition to the risks described elsewhere in the Company's filings on SEDAR at [www.sedar.com](http://www.sedar.com), holders of securities should carefully consider each of, and the cumulative effect of all of, the following risk factors.

### **Risks Related to Our Business and Industry**

#### ***Gold prices are volatile and future gold prices may be lower than expected***

Substantially all of the Company's revenues are derived from the production and sale of gold from operating properties. The prices of gold realized by the Company will affect future development decisions, production levels, earnings, cash flows, the financial condition and prospects of the Company. If the world market prices of gold were to fall and the prices realized by the Company on gold sales were to decrease significantly and remain at such level for any substantial period, the Company's profitability, cash flows, and financial condition would be negatively affected.

The price of gold has fluctuated widely in recent years. These fluctuations can be material and can occur over short periods of time, and are affected by numerous factors beyond our control. Future production from our properties is dependent on gold prices that are adequate to make these properties economically viable. During 2022, the gold price ranged from \$1,622 per ounce to \$2,050 per ounce. The average market price of gold in 2022 was \$1,802 per ounce, an increase of 0.2% compared to the 2021 average. Based on current estimates of the Company's 2022 gold production and sales, a \$100 per ounce increase or decrease in the market gold price will result in an approximately US\$29.5 million increase or decrease, as applicable, in the Company's revenue, net of royalties and excluding the impact of the Company's hedging strategy.

Factors tending to affect the price of gold include: industrial and jewelry demand; the level of demand for gold as an investment; central bank lending, sales and purchases of gold; the volume of recycled material available in the market; speculative trading; and costs and levels of global gold production by producers of gold.

Gold prices may also be affected by macroeconomic factors, including: confidence in the global economy; expectations of the future rate of inflation; the availability and attractiveness of alternative investments, including global equity prices; the strength of, and confidence in, the U.S. dollar, the currency in which the price of gold is generally quoted, and other major currencies; global political or economic events.

Depending on the market price of gold, the Company may determine that it is not economically feasible to continue commercial production at some or all of its operations or the development of some or all of its properties. Even if the Company's operations at its Material Properties are ultimately determined to be economically viable, the need

to reassess project feasibility due to declining or sustained low market prices for gold could cause substantial delays or may interrupt operations until the reassessment can be completed. In such circumstances, the Company may also curtail or suspend some or all of its exploration activities, with the result that depleted reserves are not replaced. Any re-evaluation of the Mineral Resource or Mineral Reserve estimates at the Material Properties or the feasibility of current or planned operations based on significantly lower gold prices could result in reductions of Mineral Reserve and Mineral Resource estimates, and material write-downs of the Company's assets. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Changes in regulation or the imposition of sanctions on the governments where we operate may increase the Company's costs of doing business, restrict its operations or result in the imposition of fines, revocation of permits or shutdown of its facilities***

The Company's mineral exploration, exploitation and processing activities are subject to extensive laws and regulations in the jurisdictions in which it operates, including health and safety, mining, and environmental matters. In particular, the Company's operations are subject to laws and regulations relating to acquisition and maintenance in good standing of mining concessions, transportation, mineral production and storage, water use and discharge, construction and operation of tailings dams, limits on emissions and effluent discharges, power use, electricity generation and transmission, use, handling and storage of explosives, hazardous and other non-hazardous waste material regulation, ongoing and post-closure reclamation, land use rights, housing and other facilities for workers, taxation, labour standards, safety and occupational health. Compliance with these laws and regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our financial results of operations and cash flows.

Although the Company believes that it is in compliance with all applicable regulations in all material respects, the Company can offer no assurance that it has been or will be at all times in full compliance with these laws and regulations. Any violation of such laws or regulations could result in substantial fines, criminal sanctions, temporary or permanent shutdown of the affected operations or facilities or the suspension or revocation of authorizations, permits or licenses, as well as civil actions claiming compensation for damage to property or injury to persons.

The Company is subject to costs related to maintenance of equipment, machinery and assets, as well as activities monitoring measures, which includes the regular update of mine decommissioning plans and update of the respective accounting provisioning costs since the elaboration of the economical exploitation plan of each mining concession. Pursuant to certain applicable regulations and environmental laws, the Company could be found liable for all or substantially all of the damages caused by activities at its properties, whether such damage was caused by the Company or its predecessors. The Company could also be found liable for incidental damages due to the exposure of individuals to hazardous substances or other environmental damage. There can be no assurance that the costs of complying with current and future environmental and health and safety laws and regulations, including decommissioning and remediation requirements, and any liabilities arising from past or future releases of, or exposure to, hazardous substances will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Future production rates may not materialize***

The Company prepares estimates of future production from its operations. These estimates of future production are based on a number of interpretations and assumptions and actual production may be less than is currently estimated. The Company cannot give any assurance that it will achieve its production estimates. The failure of the Company to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, profitability, results of operations and financial condition. The Company's ability to demonstrate sufficient economic returns from its properties may also affect the availability and cost of financing. The Company's production estimates are dependent on, among other things, the accuracy of Mineral Reserve and Mineral Resources estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions, physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining and processing.

The Company's actual production may vary from its estimates for a variety of reasons, including, but not limited to: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics;

short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades from those planned; mine failures, slope failures or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, hurricanes, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; labour shortages or strikes; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the regulatory environments. Such occurrences could result in damage to our properties, interruptions in production, injury or death to persons, damage to property of the Company or others, monetary losses and legal liabilities. These factors may cause a Material Property that has been mined profitably in the past to become unprofitable forcing the Company to cease production. Depending on the price of gold, the Company may determine that it is impractical to commence or, if commenced, to continue commercial production.

***The Company may fail to obtain, renew, or maintain in effect necessary permits and licenses, or otherwise comply with the law***

The Company's mining and processing operations and development and exploration activities are subject to extensive permitting requirements in multiple jurisdictions. Applying for, amending, and renewing permits and licenses can be time-consuming, and may involve dealings with numerous regulatory agencies, public hearings and costly undertakings. Failure to obtain required permits, or to comply with permits once obtained, could result in injunctions, fines, suspension or revocation of permits and other penalties. While the Company strives to obtain and comply with all of its required permits, there can be no assurance permits will be obtained in a timely manner, or at all, or that the Company will achieve or maintain full compliance with such permits at all times. Activities required to achieve and maintain full compliance with such permits can be costly and time-consuming. In 2019 and 2021, the Company experienced delays in renewing environmental authorizations at the Nechí Alluvial Property. See "*Risks Related to Our Operations in Colombia – The Company has experienced permitting delays that constrained its operations at the Nechí Alluvial Property, and there can be no guarantee that we will avoid future permitting delays*".

The Company's ability to successfully obtain and maintain key permits and approvals will be impacted by its ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding communities and may be adversely impacted by real or perceived detrimental events associated with the Company's activities or those of other mining companies affecting the environment, human health and safety or the surrounding communities. The Company has made, and expects to make in the future, significant expenditures to comply with permitting requirements and, to the extent reasonably practicable, create social and economic benefit in the surrounding communities.

If necessary permits or licenses are not obtained or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities, or become subject to regulatory action or litigation, any of which could materially adversely affect the Company's business, results of operations, financial condition, cash flows, or prospects.

***Inadequate environmental management, including a failure to properly comply with environmental regulations, may be costly and have a negative effect on the Company's operations***

The Company's mining operations and development activities are all subject to environmental regulation. Regulations cover, among other things, water quality standards, land reclamation, the generation, transportation, storage and disposal of hazardous waste, the construction and operation of tailings dams, and general health and safety matters. There is no assurance that the Company has been or will at all times be in full compliance with all environmental laws and regulations or hold, and be in full compliance with, all required environmental and health and safety approvals and permits. The potential costs and delays associated with compliance with such laws, regulations, approvals and permits could prevent the Company from economically operating or proceeding with further development and exploration activities, and any non-compliance with such laws, regulations, approvals and permits could result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental approvals and permits are currently, and may in the future be, required in connection with the Company's current and planned operations. To the extent such environmental approvals and permits are required and not obtained, the Company's plans and the operation of mines may be curtailed or it may be prohibited from proceeding with planned exploration or development of additional mineral properties. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

There is no assurance that any future changes in environmental regulation will not adversely affect the Company's operations. Changes in government regulations have the potential to significantly increase compliance costs and thus reduce the profitability of current or future operations.

Environmental hazards may also exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties and for which the Company may be liable for remediation. Parties engaged in mining operations, including the Company, may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable environmental laws or regulations, regardless of whether the Company actually caused the loss or damage. The costs of such compensation, fines or penalties could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

See also "*Risks Related to Our Operations in Nicaragua – Artisanal mining on our properties in Nicaragua may expose us to operating and environmental risks*".

#### ***Currency fluctuations can result in unanticipated losses***

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs at its operations. Gold is sold throughout the world based principally on a U.S. dollar price, but a portion of the Company's operating and capital expenses are incurred in Colombian pesos, Nicaraguan córdobas, and Argentine pesos. The appreciation of foreign currencies, particularly the Colombian peso against the U.S. dollar would increase the costs of gold production at such mining operations, which could materially and adversely affect the Company's earnings and financial condition. As at the date of this AIF, the Company has hedged its exposure to Colombian peso/U.S. dollar exchange rate fluctuations via Colombian peso/U.S. dollar option contracts: \$4 Million per month from January 2023 to June 2023 and \$2 million per month from July 2022 to December 2023. This represents approximately 25% or less of the expected cash flow needs of the Company in Colombian pesos on a monthly basis. Accordingly, the Company is exposed to currency fluctuation risks. The U.S. dollar is the functional currency of the Company's Nicaragua and Argentina operating segments, so currency hedging is unnecessary.

#### ***The Company depends on its ability to replenish its Mineral Reserves for its long-term viability***

Under current life of mine scenarios, Mineral Reserves at the Gualcamayo Property are exhausted. The Company's Mineral Reserves must be replaced to maintain production levels over the long-term. Mineral Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature and identifying new ore bodies is becoming increasingly difficult. The Company's exploration projects involve many risks and may not be successful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable Mineral Reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. Depletion of Mineral Reserves may not be offset by discoveries or acquisitions, and divestitures of assets, could lead to a lower reserve base. Mineral Reserves estimated in accordance with NI 43-101 may also decrease due to economic factors such as the use of a lower metal price assumption or increment in unit costs updates, directly affecting cut-off calculations. However, such a decline associated with lower metal price assumptions, would not be a reduction in the actual mineral base of the Company, as the ounces removed from the Company's reserves would be transferred to resources, preserving the option to access them in the future at higher gold prices. The mineral base of the Company will decline if Mineral Reserves are mined without adequate replacement and the Company may not be able to sustain

production to or beyond the currently contemplated mine lives, based on current production rates. In addition, cost increase would negatively impact the cut-off updates reducing the mineral base.

***Mining operations require geological, metallurgical, engineering, title, environmental, economic and financial assessments that may be materially incorrect and the Company may not produce as expected***

There is a degree of uncertainty attributable to the estimation of Mineral Reserves and Mineral Resources. Until Mineral Reserves are actually mined and processed, the quantity of ore and grades must be considered as estimates only. The Mineral Reserves described in this AIF are estimated tonnages and grades that we have determined can be economically mined and processed under present and assumed future conditions. We may be required in the future to revise our Mineral Reserves based on actual production experience, changes in metallurgy, updated exploration drilling data and other factors, and we cannot assure you that the indicated amount and grade of ore will actually be recovered or that it will be recovered at the rates we anticipate. Market prices of our metals, increased production costs, reduced recovery rates, short-term operating factors, royalties, taxes, fees and other factors may render some or all of our Mineral Reserves uneconomic to exploit and may ultimately result in a reduction of Mineral Reserves. Since our Mineral Reserves are accounted for as permanent assets, any material changes in our Mineral Reserves could have a material impact on our financial condition and results of operations.

In addition, the Mineral Resource figures referred to in this AIF have been determined and valued based on assumed future prices, cut-off grades and operating costs. However, until mineral deposits are actually mined and processed, any Mineral Resources must be considered as estimates only. Any such estimates are expressions of judgment based on knowledge, analysis of drilling results and industry practices. Estimates can be imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. In addition, the grade and/or quantity of the metals ultimately recovered may differ from that interpreted from drilling results. There can be no assurance that metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

The grade of the reported Mineral Resources are uncertain in nature and it is uncertain whether further technical studies will result in an upgrade to them. Any material change in the quantity of mineralization, grade or mill feed to waste ratio or extended declines in market prices for gold and/or other minerals may render some or all of our mineralization uneconomic and result in reductions in the Company's reported Mineral Resources. Any material reductions in estimates of Mineral Resources, or of our potential ability to extract such Mineral Resources in the future, may have a material adverse effect on our business, financial condition, results of operations, cash flows or prospects.

***Interruptions of energy supply or increases in energy costs and other production costs may materially and adversely affect our results of operations***

In the event of any interruption or failure of our sources of electricity or in transmission lines or in any part of the grid, we cannot assure that we will have access to other energy sources at the same prices and conditions, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The availability of energy resources may be subject to change or curtailment, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, supply interruptions, equipment damage, worldwide price levels and market conditions. Disruptions in energy supply could have a material adverse effect on our financial condition and results of operations.

***We have operations in countries that may become subject to economic sanctions that could subject us to penalties and other adverse consequences***

On October 24, 2022, OFAC imposed economic sanctions on DGM, and the U.S. President passed EO 14088 expanding OFAC's authority to impose further sanctions to various sectors of the Nicaraguan economy, including, in particular, the gold sector. While the Company is not directly subject to economic sanctions regulations imposed by OFAC, there can be no assurance that other sanctioning authorities will not adopt sanctions similar to those imposed by OFAC. In addition, the Nicaragua Sanctions Measures may indirectly affect the Company through its

impacts on third parties with whom the Company has commercial relationships. If such third parties determine that their dealings with the Company are or may be restricted as a result of economic sanctions to which they are subject, they may terminate their relationships with the Company, which could lead to increased operating costs and more challenges in exporting the metals that we produce, which could adversely affect the Company's operations and financial results.

The Company is closely monitoring communications by the U.S. government and other sanctioning authorities regarding the designation and application of other specific trade-based sanctions against Nicaragua and its gold sector. The Company remains committed to complying with applicable legal and regulatory requirements, including sanctions, and is evaluating the actual and potential impacts of sanctions on its current and planned business and operations in coordination with its advisors.

***Failures of information systems or information security threats resulting from inadequate management of technology systems can be costly***

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology services in connection with its operations. Such operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft.

The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology 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, results of operations, cash flows and financial condition.

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 it 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, the Company continues to prioritize and dedicate resources to improving cyber security, and developing and enhancing controls, processes and practices to protect its systems, computers, software, data and networks from attack, damage and unauthorized access. As cyber threats continue to evolve, the Company may be required to expend additional resources to modify or enhance protective measures, or investigate and remediate any security vulnerabilities.

Any of these factors could have a material adverse effect on the Company's reputation, business, financial condition, results of operations, cash flows or prospects.

***Disease outbreaks such as the COVID-19 pandemic may impact the Company's operations***

The fear or occurrence of disease outbreaks and other public health threats (such as the COVID-19 pandemic) could adversely impact our operations and exploration projects, interfere with our ability to obtain environmental and other permits in a timely manner, lead to labour shortages, cause travel and supply chain disruption (including as a result of shutdowns and government disease containment measures) that would limit our ability to acquire equipment and raw materials needed to operate, and delay or prevent us from delivering our products to customers, among others. The extent to which COVID-19 or any other outbreak of disease may impact business activity or financial results of the Company, and the duration of any such negative impact, depend on future developments which are uncertain and cannot be predicted. The Company may also be required to incur additional expenses and/or delays relating to such events which could have a further negative impact on our business, operations, and financial performance.

If the operation or development of one or more of the Company's mines is disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Company's profitability, results of operations, financial condition and the trading price of the Common Shares.



***Future acquisitions may require significant expenditures and may result in inadequate returns if the Company fails to integrate operations appropriately***

The Company's strategic plan depends in part on acquiring additional mining assets and businesses. There can be no assurance that the Company will be able to complete any acquisition that it may pursue on favourable terms, or that the completion of such acquisitions will ultimately benefit the Company's business.

Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company to new or greater geographic, political, operating, financial, legal and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition and integrate the acquired operations successfully with those of the Company. Any acquisitions and any potential acquisitions would be accompanied by risks. For example, mineral deposits at acquired properties may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies (which may be compounded by geographical separation, unanticipated costs, and the loss of key employees), realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may divert the attention of management or disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; the acquired business or assets may have unknown tax or other liabilities which may be significant; and there may be a significant change in commodity prices after the Company has committed to complete the transaction and established the purchase price or exchange ratio. There can be no assurance that the Company would be successful in avoiding or overcoming the risks noted above or any other problems encountered in connection with such acquisitions. The occurrence of any of the foregoing risks in connection with future acquisitions could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company's overall earnings and could negatively affect the Company's financial position.

If the Company chooses to finance acquisitions using existing financial resources, it could decrease funds available for other business. If the Company chooses to finance acquisitions through debt, the Company's leverage will be increased. If the Company chooses to use equity as consideration for any such acquisition, existing shareholders may suffer dilution. In addition, many companies in the mining industry have recently seen substantial downward pressure on their equity values after announcing significant acquisitions. There is a risk that if the Company was to announce a significant acquisition, the value of the Common Shares could decrease over the short-, medium- and/or long-term.

Evaluating, negotiating, and completing an acquisition may also require substantial management time commitments, regardless of whether the acquisition is completed. The negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations.

***Risks associated with joint ventures***

The Company holds an interest in a number of joint ventures, the remaining interests in which are held by third parties. Such interests include the Caribe Exploration Target (50%), the GNM Exploration Target (50%) and the La Pepa Project (20%). In addition, pursuant to the Royal Road Nicaragua Alliance Agreement, additional joint ventures may be formed from time to time in Nicaragua. The Company's interests in these properties are subject to the risks customarily associated with the conduct of joint ventures, including (i) disagreement with joint venture partners on how to develop and operate the mine efficiently or, in the case of exploration projects, on the exploration plan and related expenditures; (ii) inability to exert influence over certain strategic decisions; (iii) inability of joint venture partners to meet their obligations; and (iv) litigation regarding joint venture matters. Each of these risks could have a material adverse impact on the viability of its interests held through joint ventures, and if such joint venture properties are developed and enter production, their profitability, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Title to the joint venture projects in which the Company has an interest may be held in the name of its joint venture partners or a joint venture entity. If the Company becomes entitled to become the registered legal owner of property

subject to a joint venture or securities of a joint venture entity, the Company's acquisition of legal ownership may depend on the cooperation of the Company's joint venture partners, as well as satisfaction of legal formalities and receipt of regulatory approvals, which may be beyond the control of the Company and its joint venture partners. There can be no assurance that such cooperation will be provided, formalities will be completed, and approvals will be obtained in a timely manner, or at all. Any failure of the Company to acquire legal ownership of the joint venture property to which it is entitled could result in disputes and property losses that could adversely affect the Company's business, financial condition, operations, cash flows and prospects.

The Company is not always the operator of its joint venture projects. The Company does not operate the Caribe Exploration Target, the GNM Exploration Target or the La Pepa Project. To the extent that the Company is not the operator, the success of any operations will be dependent on third party operators and the Company may be unable to have any significant influence on the direction or control of the activities of the operators. The Company will be subject to the decisions made by the operators of the joint venture properties and will rely on the operators for accurate information about the properties.

***The mining industry is intensely competitive***

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The Company may expand into other geographic areas, which could increase the Company's operational, regulatory, reputational and other risks***

While currently all of the Company's mining and exploration activities are in Colombia, Argentina, and Nicaragua, the Company may in the future expand into other geographic areas, which could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance.

***Opposition to mining can negatively impact exploration, development and mining activities***

The Company's relationships with the communities in which it operates are critical to the future success of its existing operations and the construction and development of its projects. There is an ongoing and potentially increasing public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Certain non-governmental organizations (NGOs), some of which oppose globalization and resource development, are often vocal critics of the mining industry and its practices, including the use of cyanide and other hazardous substances in processing activities. Community opposition to resource extraction activity could result in disruption and delays. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Company's operations specifically, could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, and believes it has good relationships with local communities in the regions in which it operates, there is no guarantee that the Company's efforts in this respect will mitigate this potential risk.

The Company's ability to successfully obtain key permits and approvals to explore for, develop and operate mines and to successfully operate in communities in Central and South America will likely depend on the Company's ability to develop, operate and close mines in a manner that is consistent with the creation of social and economic benefits in the surrounding communities, which may or may not be required by law. Mining operations should be designed to minimize the negative impact on such communities and the environment, for example, by modifying

mining plans and operations. The cost of these measures could increase capital and operating costs and therefore could have a material adverse impact upon the Company's financial condition and operations. The Company seeks to promote improvements in health and safety, human rights, environmental performance and community relations in all of the communities in which it operates. However, the Company's ability to operate could be adversely impacted by accidents or events detrimental (or perceived to be detrimental) to the health, safety and well-being of the Company's employees, human rights, the environment or the communities in which the Company operates.

***Title to our Material Properties may be disputed***

The Company investigated title to the Material Properties at the time of their acquisition to confirm the absence of claims and agreements that could adversely affect its acquisition of valid, enforceable title to its mineral tenures and surface rights, and has obtained recent title opinions in respect of its Material Properties. However, the Material Properties may be subject to prior unregistered agreements or transfers, and title may be affected by unidentified or unknown defects. There is no guarantee that title to the Material Properties will not be challenged or impaired. Title insurance generally is not available for mineral tenures, and may not be available for surface rights. The Company's ability to ensure that it has obtained clear title may be constrained. If title disputes arise, the Company could incur substantial costs to litigate or settle disputes and obtain clear title. If title disputes are not resolved in the Company's favour, they could result in property losses that could adversely affect the Company's business, financial condition, operations, cash flows and prospects.

***The Company may be subject to costly legal proceedings or tax reassessments, which may be costly***

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Reputational risks***

As a result of the increased usage and the speed and global reach of social media and other internet-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Company's handling of environmental matters or dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation, but it does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to advance its projects, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The failure of a tailings dam could negatively impact our business, reputation, and results of operations***

Mining companies face inherent risks in their operations due to the creation, storage, and disposal of tailings. Tailings are the process waste generated once grinding and extraction of gold from the ore is completed in the milling process and are deposited as slurry in large storage facilities specifically designed for this purpose. The volume of the tailings is normally far in excess of the extracted gold and this waste must be disposed of in an appropriate manner so as not to cause environmental damage. The Hemco Property hosts: three active tailings storage facilities including the state-of-the-art San Jose tailings dam, which entered into operation in 2018; one active temporary tailings storage area for tailings generated by the La Curva Plant pending their transportation to the Hemco Plant; and two tailings facilities that are at capacity and are in the process of being closed. Tailings management facilities are not required for the Company's current or planned operations at the Nechí Alluvial Property or the Gualcamayo Property. The Company is completing on going studies for the Deep Carbonates Project, which may provide for either dry stack tailings or a tailings dam. While the Company employs dam

management systems and risk management procedures designed to improve the safety of its tailings dams, there can be no assurance that a tailings dam will not unexpectedly fail. An incident at the Company's tailings storage facilities could result, among other things, in enforcement, obligations to remediate environmental contamination, negative press coverage, and claims for property or natural resources damages and personal injury by adjacent communities, which could have a material adverse effect on our business, financial condition, and results of operations.

***The Company depends on highly skilled personnel to grow and operate its business. If the Company is not able to hire, retain, and motivate its key personnel, its business may be adversely affected***

The Company's business is dependent on retaining the services of its key management personnel with a variety of skills and experience, including in relation to the development and operation of mineral projects in Central and South America. The success of the Company is, and will continue to be, dependent to a significant extent on the expertise and experience of its directors and senior management. The loss of the services of key personnel could have a materially adverse effect on the Company's business. The Company's success will also depend to a significant degree upon the contributions of qualified technical personnel and the Company's ability to attract and retain highly skilled personnel. Competition for such personnel is significant. Any inability to attract and retain these people could have a material adverse effect on the Company's business and operations.

***Failures related to the health and safety of, and satisfactory labour relations with, employees can adversely impact the Company***

The Company's operations and development activities are dependent upon the efforts of its employees and the Company's relations with its unionized and non-unionized employees.

Mining is subject to potential risks and accidents that could result in serious injury or death to members of its human capital. The impact of such accidents and liabilities could affect the profitability of the Company's operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer.

The Company's operations would also be adversely affected if it failed to maintain satisfactory labour relations. Some of our employees are represented by labour unions under various collective bargaining agreements. Collective bargaining agreements must be renewed periodically. The Company may not be able to satisfactorily renegotiate its collective bargaining agreements when they expire and may face tougher negotiations or higher compensation demands than would be the case for non-unionized labour. In addition, the existing collective bargaining agreements may not prevent a strike or work stoppage at the Company's facilities in the future. Further, relations between the Company and its employees may be affected by changes in the scheme of labour relations that may be introduced by the relevant governmental authorities who have jurisdiction over the various aspects of the Company's business. Changes in such legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

***Actual production, capital and operating costs may be different than those anticipated***

Mineros prepares estimates of future production, capital costs and operating costs of production for operations at each of our operating properties. In addition, as a result of the substantial expenditures involved in the development of a mineral project, the need to project years into the future, the need to make assumptions and use models that may not adequately approximate reality, and the fluctuation of costs over time, a development project is prone to material cost overruns. The Technical Report for each of our Material Properties estimates the capital costs and cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold and other metals from the ore;
- cash operating costs of comparable facilities and equipment;

- anticipated availability of labour and equipment; and
- anticipated foreign exchange rates.

Capital costs, operating costs, production and economic returns, and other estimates may differ significantly from those anticipated in the Technical Report for each of our Material Properties, and there can be no assurance that the Company's actual capital or operating costs will not be higher than currently anticipated or that returns will not be lower than anticipated. The Company's actual costs may vary from estimates for a variety of reasons, including, without limitation: limitations inherent in modelling; changes to assumed third party costs; short term operating factors; operational decisions made by the Company; a failure of management to adequately manage its financial resources; inefficiency in cost management; revisions to mine plans; risks and hazards associated with development and mining described elsewhere in this AIF; natural phenomena, such as inclement weather conditions, water availability, floods, hurricanes and earthquakes; and unexpected labour shortages or strikes. Operating costs may also be affected by a variety of factors, including, without limitation: changing strip ratios, ore metallurgical grade-recovery curves, the availability of processing operations, the availability of storage capacity, the availability of equipment and facilities necessary to continue operations at any of our operating properties and to complete requisite development work, the cost of consumables and mining and processing equipment, labour costs, the availability and productivity of skilled labour, the cost of commodities, general inflationary pressures, currency exchange rates, technological and engineering problems, accidents or acts of sabotage or terrorism, the regulation of the mining industry by various levels of government and quasi-governmental organizations and political factors. Many of these factors are beyond the Company's control. Furthermore, significant cost overruns could make any of our operating properties uneconomical. Failure to achieve estimates or material increases in costs could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***Geological, hydrological and climatic events could suspend mining operations or increase costs***

All mining operations face geotechnical, hydrological and climate challenges. Unanticipated adverse geotechnical and hydrological conditions, such as landslides, subsidence and uplift, embankment failures and rock fragility 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 seismic activity.

Geotechnical failures or climatic events could result in limited or restricted access to mines, suspension of operations, work accidents, environmental damage, government investigations, increased monitoring costs, remediation costs, loss of ore and other impacts, which could result in loss of revenue or increased costs, and could result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

***Unavailable or inadequate infrastructure may constrain mining operations and aging infrastructure could lead to increased costs or reduced production***

Continued production at our Material Properties depends on the availability of adequate infrastructure. In particular, reliable energy and power sources, water supply, transportation and surface facilities are all necessary to develop and operate mines. Failure to obtain or adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to continue production or to develop or commence production and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Although our infrastructure has been regularly maintained and refurbished, the Company is exposed to a number of infrastructure-related risks, including the potential for higher capital and operating costs to sustain such infrastructure and the potential for decreases or delays in, or interruption of, production. These risks could have a material and adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Shortages or cost increases of input materials, equipment, critical spare parts, maintenance service, and new equipment and machinery may materially and adversely affect the Company's operations and profitability***

The Company depends on the use of equipment and machinery, some of which is highly specialized. A shortage in the supply of key spare parts, adequate maintenance service or new equipment and machinery to replace old ones and cover expansion requirements, could materially and adversely affect the Company's operations and development projects.

The cash flows and profitability of the Company's business also depend on the market prices and availability of input materials and equipment that are consumed or otherwise used in connection with the Company's operations and development projects. Prices of such input materials and equipment are also subject to volatile price movements, which can be material and can occur over short periods of time due to factors beyond the Company's control.

If there is a significant and sustained increase in the cost of certain input materials, the Company may decide that it is not economically feasible to continue certain or all of the Company's commercial production, development and exploration activities and this could have an adverse effect on profitability. Higher worldwide demand for critical resources like input materials, drilling equipment, mobile mining equipment, tires and skilled labour could affect the Company's ability to acquire them and lead to delays in delivery and unanticipated cost increases, which could have an effect on the Company's operating costs, capital expenditures and production schedules. The occurrences of one or more of these events could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***Our Material Properties are located in underdeveloped rural areas***

Our Material Properties are located in underdeveloped rural areas, resulting in technical challenges for conducting mineral exploration and development and any potential mining activities at the properties. The Company benefits from modern mining transportation and technologies for exploring and operating in such areas. Nevertheless, the Company may sometimes be unable to overcome problems related to underdevelopment or unseasonable weather at a commercially reasonable cost, which could negatively affect the Company's mineral exploration and development and any potential mining activities at the Material Properties and have a material adverse effect on the Company. The rural location of our Material Properties also results in increased costs associated with land access and infrastructure, including power lines, water pipelines and transportation.

***Operations during mining cycle peaks are more expensive***

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

***Our operations depend on third-party logistics service providers***

Our operations depend in part on the flow of materials, supplies, equipment, services and products. Due to the geographic location of the Company's operations, existing and future, it remains and will remain dependent on the provision by third parties of rail, port, marine, shipping or other transportation services. Potential issues including contractual disputes, demurrage charges, port or depot capacity handling issues, availability of vessels, rail cars or other modes of cargo transport, weather problems, force majeure and labour disruptions could result in a material adverse effect on the Company's ability to transport various materials necessary for the operation of its facilities in accordance with schedules or contractual requirements. This might result in a material adverse effect on the Company's business, results of operations and financial performance.

***The Company may be subject to, or held liable for, misconduct by our employees or third-party contractors***

We may be subject to, or held liable for, misconduct by our employees or third-party contractors, such as theft, bribery, sabotage, fraud, insider trading, violation of laws, slander or other illegal actions. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The directors and officers may have conflicts of interest with the Company***

Certain directors and officers of the Company are or may become associated with other mining and/or mineral exploration and development companies which may give rise to conflicts of interest. Directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required to disclose that interest and generally abstain from voting on any resolution to approve such a contract. In addition, directors and officers are required to act honestly and in good faith with a view to the best interests of the Company. Some of the directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not be the only business enterprise of these directors and officers. Further, any failure of the directors or officers of the Company to address these conflicts in an appropriate manner or to allocate opportunities that they become aware of to the Company could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***The Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers***

Although the Company has been a public company in Colombia since 1982, as a Canadian public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, as a result of the Canadian IPO, the Company has become subject to reporting and other obligations under applicable Canadian securities laws, including NI 52-109, which requires annual management assessment of the effectiveness of the Company's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Company to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations will place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Even if the Common Shares cease to be listed on a Canadian stock exchange, Mineros may be unable to cease to be a reporting issuer absent discretionary relief from the applicable Canadian securities regulatory authorities. Absent such relief, Mineros will continue to be subject to the reporting requirements and rules and regulations applicable to reporting issuers under applicable Canadian securities laws, and to bear the associated costs and compliance burdens.

In addition, delisting is made more complicated given that Colombian law regulates the delisting of a Colombian company from any stock exchange and pursuant to the provisions of article 5.2.6.1.2. of Colombian Decree 2555, if the General Shareholders' Assembly passes a resolution to voluntarily delist the Company's securities from any stock exchange (which would include the TSX), the shareholders who voted in favour of delisting are required to commence a take-over bid for the Common Shares of the Company owned by shareholders who voted against delisting or did not vote on the resolution. The take-over bid must be undertaken in accordance with Colombian law, which means, among other things, that the take-over bid must be undertaken within the three months following the date of the meeting of the General Shareholders Assembly at which the resolution was approved, failing which, the approval will not be effective. As a result, any delisting would require the Company and its shareholders to comply with onerous regulations.

### ***Changes in climate conditions may affect the Company's operations***

A number of governments have introduced or are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, this may result in increased costs at the Company's operations. In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These risks include the following:

- changes in sea levels could affect ocean transportation and shipping facilities that are used to transport supplies, equipment and workforce and products from the Company's operations to world markets;
- extreme weather events (such as hurricanes or a prolonged drought) have the potential to disrupt operations or cause work accidents at the Company's mines and may require the Company to make additional expenditures to mitigate the impact of such events; and
- the Company's facilities depend on regular supplies of consumables (diesel, tires, reagents, etc.) to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities, production levels at the Company's operations may be reduced.

In particular, Nicaragua is vulnerable to hurricanes, and is expected to experience increased frequency and intensity of hurricanes due to climate change. In Colombia, climate change is expected to cause changes in rainfall patterns, and droughts could lower river levels. Droughts affecting the Nechí river could negatively affect the Company's hydroelectric power generation and alluvial production capacity at the Nechí Alluvial Property.

There can be no assurance that efforts to mitigate the risks of climate change will be effective and that the physical risks of climate change will not have an adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

### ***The Company's insurance coverage may be inadequate to cover potential losses***

The Company's business is subject to a number of risks and hazards (as further described in this AIF). Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its activities, including current and any future mining operations. The Company may also be unable to obtain or maintain insurance to cover its risks at economically feasible premiums, or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development or production may not be available to the Company on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it is not currently insured against and/or in the future may not insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

### ***The Company may become liable to indemnify the Trustee for losses arising under the Trust Agreement***

Pursuant to the Trust Agreement, the Company has agreed to indemnify the Trustee for any loss suffered by the Trustee in performing its obligations under the Trust Agreement. Such losses may be substantial, and could result from events that are beyond the control of the Trustee and/or the Company, including, among other things, any taxes, withholdings and applicable interest for which the Colombian tax authorities may hold the Trustee liable if a non-Colombian shareholder fails to pay taxes due under Colombian tax laws in connection with the holding or disposition of Common Shares. The Company has also agreed to indemnify the Trustee for claims by non-Colombian shareholders. If the Trustee suffers losses or is held liable for claims under or in connection with the Trust Agreement, the Company will incur corresponding costs to indemnify the Trustee, which, if significant, could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.



### **Risks Related to Our Operations in Emerging Markets**

#### ***Investing in an emerging market company entails certain inherent risks***

The Company is a Colombian corporation. The Company conducts or participates in mining, development, exploration, and other activities through subsidiaries and/or joint ventures in Colombia, Argentina, Nicaragua, and Chile, all of which are emerging markets. Investing in emerging markets generally involves risks, which may include:

- expropriation or nationalization of property;
- changes in laws or policies or increasing legal and regulatory requirements of particular countries, including those relating to taxation, royalties, imports, exports, duties, currency, in-country beneficiation or other claims by government entities, including retroactive claims and/or changes in the administration of laws, policies and practices;
- uncertain political and economic environments, war, terrorism, sabotage and civil disturbances;
- lack of certainty with respect to legal systems, corruption and other factors that are inconsistent with the rule of law;
- delays in obtaining or the inability to obtain or maintain necessary governmental permits or to operate in accordance with such permits or regulatory requirements;
- restrictions on the ability of local operating companies to sell gold or other minerals offshore for U.S. dollars, and on the ability of such companies to hold U.S. dollars or other foreign currencies in offshore bank accounts;
- import and export regulations, including restrictions on the export of gold or other minerals;
- limitations on the repatriation of earnings;
- underdeveloped industrial or economic infrastructure;
- internal security issues;
- increased financing costs;
- renegotiation, cancellation or forced modification of existing contracts; and
- risk of loss due to disease, and other potential medical endemic or pandemic issues, as a result of the potential related impact to employees, disruption to operations, supply chain delays, trade restrictions and impact on economic activity in affected countries or regions.

For a more detailed discussion of certain of these risks and uncertainties applicable in the countries where we operate, see “*Risks Related to Our Operations in Colombia*”, “*Risks Related to Our Operations in Colombia*”, “*Risks Related to Our Operations in Argentina*”, and “*Risks Related to Our Operations in Nicaragua*”.

#### ***The countries where we operate may experience economic problems that could affect our business, financial condition, and results of operations***

The Company’s Material Properties are located in Colombia and Nicaragua and the Gualcamayo Property is located in Argentina, and they depend upon local economic and social conditions. As a result, the Company’s business, financial position and results of operations may be affected by the general conditions of the Colombian, Argentine, and Nicaraguan economies, price instability, inflation, interest rates, regulation, taxation, social

instability, political unrest and other developments in or affecting those countries, over which the Company has no control. Economic and political instability that has been caused by many different factors, including the following:

- adverse external economic factors;
- inconsistent fiscal and monetary policies;
- dependence of governments on external financing;
- changes in governmental economic policies;
- high levels of inflation;
- abrupt changes in currency values;
- high interest rates;
- volatility of exchange rates;
- political and social tensions;
- exchange controls;
- wage and price controls;
- the imposition of trade barriers; and
- trade shocks.

For a more detailed discussion of certain of these risks and uncertainties applicable in the countries where we operate, see “*Risks Related to Our Operations in Colombia*”, “*Risks Related to Our Operations in Argentina*”, and “*Risks Related to Our Operations in Nicaragua*”.

Any of these factors could have a material adverse effect on the Company’s business, financial condition, results of operations, cash flows or prospects.

***The economies of the countries where we operate are vulnerable to external shocks caused by significant economic difficulties of their respective trading partners, or by more general “contagion” effects***

Weak, flat or negative economic growth or changes in international trade policy of the major trading partners of the countries where the Company operates could adversely affect their balance of payments and, consequently, their economic growth. Decreased growth affecting such major trading partners could have a material adverse effect on the markets for exports from the countries where the Company operates, and, in turn, adversely affect economic growth.

The economies of countries where the Company operates may be affected by “contagion” effects. International investors’ reactions to events occurring in one developing country sometimes appear to follow a “contagion” pattern, in which an entire region or investment class is disfavoured by international investors. In particular, Argentina has been adversely affected by such contagion effects on a number of prior occasions, including the 1994 Mexican financial crisis, the 1997 Asian financial crisis, the 1998 Russian financial crisis, the 1999 devaluation of the Brazilian real, and the 2001 collapse of Turkey’s fixed exchange rate regime. In all of the countries in which the Company operates, economic growth was negatively affected as a result of the 2008 global financial crisis, and more recently, the COVID-19 pandemic. Similar developments can be expected to affect the economies of countries where the Company operates in the future, and may accordingly affect the Company’s business, financial position, operations, and results of operations.

***We have operations in countries known to experience high levels of corruption and any violation of anti-corruption laws could subject us to penalties and other adverse consequences***

We are subject to anti-corruption, anti-bribery, anti-money laundering and other international laws and regulations and are required to comply with the applicable laws and regulations of Colombia, Argentina, Nicaragua, Chile and Canada. In general, these laws prohibit improper payments or offers of payments to governments and their officials, political parties, state-owned or controlled enterprises, and/or private entities and individuals for the purpose of obtaining or retaining business. In addition, we are subject to economic sanctions regulations that restrict our dealings with certain sanctioned countries, individuals and entities.

Our primary operations are located in Colombia, Nicaragua, and Argentina, each of which is perceived as having relatively high levels of corruption. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, contractors, agents, or users that could be in violation of various laws, including anti-bribery laws in these countries. In addition, our ability to secure permits, renewals or other government approvals required to maintain our operations could be negatively impacted by corruption in one or more governmental institutions in the countries in which we operate.

We have adopted the Code of Ethics, the Anti-Corruption Policy, and the AML Policy, which mandate compliance with these anti-corruption, anti-bribery, and anti-money laundering laws, and have implemented training programs, compliance controls and procedures, and reviews and audits to ensure compliance with such laws. However, there can be no assurance that our internal controls, and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of such laws, regulations and requirements by our affiliates, employees, directors, officers, partners, agents and service providers, or that any such persons will not take actions in violation of our policies and procedures, for which we may be ultimately responsible. Any violations of anti-bribery and anti-corruption laws or sanctions regulations could have a material adverse effect on our business, reputation, results of operations and financial condition. We cannot predict the nature, scope or effect of future anti-corruption regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

***Local legal and regulatory systems in which we operate are not equally robust***

The jurisdictions in which Mineros operates its exploration, development and production activities may have different or less developed legal systems than Canada, which may result in risks such as:

- laws may not be enforced consistently, or at all;
- effective legal redress may not be available in the courts of such jurisdictions, whether in respect of a breach of law or regulation;
- it being more difficult to obtain or retain title in an ownership dispute;
- a higher degree of discretion on the part of governmental authorities;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and
- relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial systems to abide by legal requirements and negotiated agreements may be more uncertain. As a result, concessions, licenses, permits, approvals, contracts and agreements for the Company's business may be susceptible to revision or cancellation or may not be renewed, and the Company's operations may be affected by changes in laws, regulations and policies relating to taxation, mining, foreign exchange, foreign investment, and repatriation of funds. If laws and regulations are not enforced, or are changed to the Company's detriment, legal

redress may be uncertain or delayed. Even if judgments favourable to the Company are obtained, they may not be upheld.

***The Company operates in jurisdictions with historically high rates of inflation***

High rates of inflation may have an adverse impact on our business, results of operations, financial condition and prospects, and the market price of the Common Shares.

Rates of inflation in the countries in which the Company operate have been historically high, and there can be no assurance that inflation will not return to high levels. Inflationary pressures may adversely affect the Company's ability to access foreign financial markets, leading to adverse effects on our capital expenditure plans. In addition, inflationary pressures may, among other things, reduce consumers' purchasing power or lead to certain anti-inflationary policies to be instituted by the relevant governments, such as an increase in interest rates. There is no assurance that measures taken by the relevant governments will curb inflation. Inflationary pressures may harm the Company's business, results of operations, financial condition and prospects, or adversely affect the price of the Common Shares.

**Risks Related to Our Operations in Colombia**

***Socio-political uncertainty in Colombia may affect future operations and stability***

In the past, Colombia has experienced periods of weak economic activity and deterioration in economic conditions. The Company cannot assure that such conditions will not return or that such conditions will not have a material adverse effect on the Company's business, financial condition or results of operations.

The Company's financial condition and results of operations may also be affected by changes in the political climate in Colombia to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment. Any changes in the Colombian economy or the Colombian government's economic policies, in particular as they relate to the mining industry, may have a negative impact on the Company's business, financial condition and results of operations.

Although the Colombian government has a long-standing tradition of respecting the rule of law, which has been bolstered in recent years by the former government's policies and programs, no assurances can be given that the Company's plans and operations will not be adversely affected by developments in Colombia. Government actions concerning the economy, taxation, or the operation and regulation of nationally important facilities such as mines, could have a significant effect on the Company.

The Company's operation and financial condition may be adversely affected by changes in Colombian governmental policies and actions, and judicial decisions, involving a broad range of matters. Historically, the Colombian government has exercised substantial influence over the economy, and its policies are likely to continue to have a significant effect on Colombian companies.

***The Company has in the past experienced permitting delays that constrained its operations at the Nechí Alluvial Property, and there can be no guarantee that we will avoid future permitting delays***

In Colombia, an environmental impact assessment (EIA) must be filed and an EMP must be granted in respect of mine development and mineral exploitation activities. Due to the mobile nature of alluvial mining operations, the Company is periodically required to file with ANLA an updated EIA, and must receive an updated EMP to continue operations at the Nechí Alluvial Property. Delays in receiving approvals from ANLA temporarily constrained operations at the Nechí Alluvial Property, causing gold production to fall short of expectations by 33% in 2019 and 18% in 2020.

In early 2020, the Nechí Alluvial Property was designated a Project of National and Strategic Interest (PINE) in Colombia by the Ministry of Mines and Energy (*Ministerio de Minas y Energía*) of Colombia, entitling the Company to priority access to and service from government entities of any level. While the Company believes that the current permitting regime and its designation as a PINE will reduce constraints and facilitate access to grants and renewals

of environmental permits, there can be no assurance that permits will be granted on acceptable terms and on a timely basis, or that permitting delays will not cause production delays or interruptions in the future.

***Changes in Colombian legislation could have adverse effects on our operations***

Elections were held in Colombia on May 29, 2022, and a newly-elected president, Gustavo Petro, took office on August 7, 2022.

The new administration has announced potential regulatory and institutional changes for the mining and energy sectors as part of an energy transition plan, strategy to be adopted in furtherance of Colombia's Nationally Determined Contribution (NDC) goals under the Paris Agreement on Climate Change to reduce greenhouse gas emissions. Potential measures announced by MADS and the Ministry of Energy and Mining include:

- Plans to review the compliance of the mining title holders with the applicable law, particularly in regulatory and environmental aspects.
- Institutional changes to strengthen the government's capacity to guarantee social participation in the environmental licensing process.
- Adoption or enhancement of policies to designate certain minerals as "strategic minerals" for the energy transition, and to incentivize the exploration and exploitation of those minerals.
- Review of the coordination and concurrence agreements (*acuerdos de coordinación y concurrencia*) entered by the Colombian mining authorities to verify that governments have participated in the processes by which the national government determined the conditions under which the mining operations were to be conducted in each region.
- Review the environmental and land-use restrictions under the Colombian mining laws and regulations to determine if it is necessary to strengthen prohibitions and restrictions.

In addition, the President has announced his intention to revise the Mining Code, which governs aspects of our Colombian operations including environmental, zoning, and control matters. As at the date of this AIF, none of the Congress, the President, or any ministry or agency has proposed laws or regulations in pursuit of this agenda, and there is no guarantee that any such laws or regulations, if adopted, will become binding and enforceable. However, the adoption of new laws or regulations, or amendments to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties.

***Increased taxes or additional tax regulation could impact the Company's revenue***

Uncertainty relating to Colombian tax legislation poses a constant risk to the Company. Changes in legislation, regulation, jurisprudence, and tax authorities' interpretations through general rulings, can affect tax burdens by increasing tax rates and fees, creating new taxes, limiting deductions and exemptions, and eliminating incentives and non-taxed income. Notably, the Colombian government has significant fiscal deficits that may result in future tax increases.

***Colombian operations may be affected by internal security issues***

Colombia is home to South America's largest and longest running insurgency, and during the 40-year course of armed conflict between government forces and anti-government insurgent groups and illegal paramilitary groups, both funded by the drug trade, Colombia has experienced significant social upheaval and criminal activity relating to drug trafficking. Insurgents have attacked and kidnapped civilians and violent guerrilla activity exists in some parts of the country.

While the situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. Any increase in kidnapping or terrorist activity in Colombia or in the areas of the Company's projects generally may disrupt supply chains and discourage qualified individuals from being involved with the Company's operations. Despite the 2016 peace agreement between the Colombian government and the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, FARC), a lasting decrease in violence or drug-related crime in Colombia or the successful integration of former guerilla members into Colombian society, has not yet been achieved. The parties reached agreements on reforms to facilitate political participation for opposition movements, and land and rural development, among other issues. An escalation of violence or drug-related crime may have a negative impact on the Colombian economy and on us. Additionally, the perception that matters have not improved in Colombia may hinder the Company's ability to access capital in a timely or cost effective manner. There can be no assurance that continuing attempts to reduce or prevent guerilla, drug trafficking or criminal activity will be successful or that guerilla, drug trafficking and/or criminal activity will not disrupt the Company's operations in the future.

On November 4, 2022, Colombian President Gustavo Petro sanctioned Law 2272 of 2022, which extends and modifies Law 418 or the Public Order Law, also known as the "Total Peace" law. This new law provides the legal framework for the government to engage in peace talks and negotiations with the different illegal armed groups that operate in Colombia. Alongside Petro's commitment to the full implementation of the 2016 peace agreement, his administration's "Total Peace" agenda constitutes a paradigm shift in the aims to negotiate with insurgent armed groups such as the National Liberation Army (*Ejército de Liberación Nacional*, ELN), and to dismantle all high-impact organised crime groups operating in the country. The law also makes peace an official state policy, seeking to engage the entire government in the construction of a stable and lasting peace, understood not only as the absence of war, but in a broader sense, including social, environmental, economic and cultural policies.

#### ***Colombian assets may be subject to expropriation or nationalization***

Pursuant to Article 58 of the Colombian constitution, the Colombian government can exercise its eminent domain powers in respect of the Company's assets in the event such action is required in order to protect public interests. According to Law 388 of 1997, and articles 58 and 59 of the Colombian constitution, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding, (ii) an administrative expropriation, or (iii) an expropriation due to war. In all cases, the Company would be entitled to fair compensation for the expropriated assets. However, compensation may be paid in some cases years after the asset is effectively expropriated. Furthermore, the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

#### **Risks Related to Our Operations in Argentina**

##### ***Argentina has experienced significant political and socio-economic instability in the past, and may experience further instability in the future***

Argentina has experienced significant political and social economic instability in the past and may experience further instability in the future. In 2001 and 2002, Argentina suffered a major political, economic and social crisis, which resulted in institutional instability and a severe contraction of the economy with significant increases in unemployment and poverty rates. Among other consequences, the crisis caused a large currency devaluation and led to the government of Argentina defaulting on its external debt. In response, the government of Argentina implemented a series of emergency measures, including strict foreign exchange restrictions and monthly limits on bank withdrawals, which affected public companies and other sectors of the Argentine economy. The Argentine economy experienced a recovery after the 2001 – 2002 crisis, however, since 2008, it has struggled to curb strong inflationary pressures and growth stagnated starting in 2012.

During the first half of 2018, the Argentine economy entered into an acute economic recession, which deepened in 2019, with a sharp decrease in international reserves, a material loss in the value of the Argentine peso vis-à-vis the U.S. dollar, high inflation and unemployment rates and an increase in poverty and extreme poverty rates. Against this economic backdrop, in December 2019, the Argentine National Congress enacted legislation declaring a state of public emergency in economic, financial, fiscal, administrative, pensions, tariff, energy, health and social matters, which was in force until December 31, 2020, and was further extended in terms of health until December

31, 2021. Certain specific regulations related to public health have been extended until December 31, 2022. However, poverty and inflation continue to grow, with inflation of approximately 99% expected for this year.

Argentine economic conditions are dependent on a variety of factors, including (but not limited to) the following:

- international demand for Argentina's principal exports;
- international prices for Argentina's principal commodity exports;
- stability and competitiveness of the Argentine Peso with respect to foreign currencies;
- competitiveness and efficiency of domestic industries and services;
- levels of domestic consumption and foreign and domestic investment and financing; and
- the rate of inflation.

After intense negotiations, the national government managed to reach an agreement with the International Monetary Fund (IMF) that will allow the country to refinance the commitments assumed in the failed 2018 Stand By program that had maturities concentrated mainly in the years 2022 and 2023. Achieving the primary fiscal deficit objectives of 2.5% of GDP in 2022 and 1.9% of GDP in 2023 is critical to moderating import growth, building up reserves, strengthening debt sustainability, and further reducing reliance on deficit financing by the central bank.

Argentina's ability to obtain financing from international markets is limited. Without renewed access to the financial market, the Argentine government may not have the financial resources to implement reforms and boost growth, which could have a significant adverse effect on the country's economy and, consequently, on our activities. In addition, the Argentine government has engaged in conversations with the IMF in order to renegotiate the principal maturities of certain amounts disbursed in 2018 and 2019, and it is uncertain whether the Argentine government will be successful in the negotiations with that agency.

The ultimate impact of each of these measures on the Argentine economy as well as the ability to implement all announced measures as currently contemplated, cannot be assured. If the government of Argentina's agenda cannot be successfully implemented, the result may further weaken confidence in and adversely affect the Argentine economy and financial condition. Any worsening in the Argentine economy or financial condition could have a material adverse effect on companies operating in Argentina, including the Company.

During October 2023, Argentina will have general elections to elect its president and provincial governors, among other positions, such as national congress representatives. The current government has a poor public image and is fronting a political public fight with the Supreme Court of Justice. However, as at the date of this AIF, it is not possible to predict which party has a better chance to win the election.

***Argentina is subject to frequent and unpredictable changes in tax rates, capital controls, and foreign exchange restrictions, which may restrict or affect the profitability of the Company's operations in Argentina***

In the past, Argentine tax laws have changed frequently and dramatically. In 2018, the government of Argentina introduced a decree imposing a temporary tax on all exports from Argentina. The tax was introduced as an emergency measure due to the significant peso devaluation during the year. In December 2019, the government of Argentina approved a law delaying a scheduled corporate tax rate decrease from 30% to 25% to the end of 2020 (after that the government submitted a bill in order to maintain the 30% rate until the end of 2021) and extending the temporary export tax introduced in September 2018 to the end of 2021. Furthermore, the decree suspended the increase in the dividend withholding tax from 7% to 13% until January 2021. Law 27,630, published in the Official Gazette on June 16, 2021, amended the corporate income tax rate, establishing a progressive tax rate system (rates from 25% to 35% depending on the accumulated taxable net income) and a 7% withholding tax rate on any dividend or profit made to Argentine resident individuals and non-Argentine residents derived from profits obtained in tax periods initiated as of January 1, 2018, disregarding the tax period when the respective

dividend or profit is made available for shareholders. These amendments will take effect from the fiscal periods beginning as of January 1, 2021. Additionally, on August 16, 2022, through General Resolution AFIP 5248, it was established that for the 2022 fiscal year, certain companies would have to make a one time income tax payment of 15% over taxable income from the 2021 fiscal year without the possibility of deducting net operating losses from previous years. It was also specified that the payment must be made in advance and is not capable of being reduced or compensated by general rules, and as such it affects the financial situation of affected companies.

Argentine federal, provincial and other local taxation authorities may apply tax rules and regulations in an inconsistent and unpredictable manner. In addition, tax rules and regulations may change over time. If any taxation authority takes a position or adopts an interpretation that differs from those adopted by Mineros, we could become subject to unanticipated tax liabilities and cost increases, which could negatively affect our financial condition and results of operations.

Argentina has also been subject to exchange controls and restrictions. In 2001 and 2002, following a run on the financial system triggered by the public's lack of confidence in the continuity of the convertibility regime that resulted in massive capital outflows, the government of Argentina introduced exchange controls and restrictions on the transfer of foreign currency in an attempt to prevent capital flight and a further depreciation of the Argentine peso. Several of those exchange controls and transfer restrictions were subsequently suspended or terminated. However, in June 2005, the government of Argentina established new controls on capital flows. From 2011 until December 2015, the government of Argentina increased controls on the sale of foreign currency and the acquisition of foreign assets by local residents, limiting the possibility of transferring funds abroad. Regulations were introduced in 2012 that subjected certain foreign exchange transactions to prior approval by Argentine tax authorities or the Central Bank of Argentina. In August 2016, the government of Argentina eliminated all foreign exchange restrictions imposed since 2011. In 2019, 2020, 2021 and 2022, the Central Bank of Argentina imposed further restrictions on foreign exchange transactions. To date, these controls and regulations have included, but are not limited to, a requirement that proceeds of exports be repatriated at the applicable exchange rate; restrictions on payment of dividends without the approval of the Argentinian Central Bank; restrictions on debt from foreign lenders, unless such debt is brought into Argentina at the applicable exchange rate; restrictions on debt capital payments between related companies; and tightened restrictions on payment of imports. The government of Argentina may expand these controls or introduce new restrictions.

Changes in taxes, capital controls, and foreign exchange regulations in Argentina are beyond the Company's control. Increased tax rates, high rates of inflation or the imposition of stricter capital controls or foreign exchange regulations could increase the operating costs at the Gualcamayo Property, prevent or restrict exploration, development, and production at the Gualcamayo Property, and may constrain the Company's ability to receive distributions from its Argentine subsidiaries.

#### ***The Company may be responsible for corruption and anti-bribery law violations***

The Company's business will be subject to the *Corruption of Foreign Public Officials Act* (Canada) ("CFPOA"), which generally prohibit companies and company employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Since some of the Company's interests will be located in Argentina, there is a risk of potential CFPOA violations. In addition, the Company will be subject to the anti-bribery laws of Argentina and of any other countries in which it conducts business in the future. The Company's employees or other agents may, without its knowledge and despite its best efforts, engage in prohibited conduct under the Company's policies and procedures and the CFPOA or other anti-bribery laws for which the Company may be held responsible. If the Company's employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

#### ***Risk of nationalization of mining assets in Argentina***

In May 2012, the previous government of Argentina re-nationalized Repsol YPF SA, the country's largest oil and gas company. There can be no assurance that the government of Argentina will not nationalize other businesses operating in the country, including the business of the Company. If any portion of the Company's assets are expropriated or nationalized, there can be no assurance that the Company would receive payment equal to their



fair market value. Nationalization of any of the Company's assets in Argentina could have a material adverse effect on the Company's business, operations, cash flows, and financial condition.

### ***Project production and profitability***

The commercial viability of mineral deposits of the kind located and believed to be located on the Gualcamayo Property is dependent upon a number of factors, including the quality, size, grade, and other attributes of the deposits and the proximity to, and availability of, infrastructure necessary to develop and exploit those minerals located in such deposits.

### **Risks Related to Our Operations in Nicaragua**

***The Company's current and future operations in Nicaragua may be materially affected by political, economic and social uncertainties.***

Nicaragua has recently been and may in the future be affected by civil unrest, strikes and political turmoil, the outcome of which cannot be predicted. Civil unrest could increase the costs of operations, interrupt the supply of materials, labour, and ore mined by artisanal mining cooperatives, limit our ability to export production, and increase security risks, which could materially adversely affect the Company's business, results of operations, financial condition and cash flows.

Following a severe government response to anti-government protests between April and September 2018, United States legislation was approved to restrict aid to Nicaragua from the United States. In 2018, 2019, 2020, and 2022, United States and/or European governmental authorities imposed a number of sanctions against entities and individuals in or associated with the government of Nicaragua, including, most recently, the Nicaragua Sanctions Measures. If any of our contracting partners become subject to sanctions, including as a result of these laws and regulations, the Company may have to suspend all or a portion of its operations on a temporary or permanent basis, and may become subject to lawsuits, investigations or regulatory proceedings, which could be time-consuming and expensive to respond to and which could lead to criminal or civil fines or penalties.

### ***Artisanal mining on our properties in Nicaragua may expose us to operating and environmental risks***

The Hemco Property is subject to significant artisanal mining activity, as permitted by Nicaraguan law. While the Company considers its relationships with local and small-scale miners in the vicinity of the Hemco Property to be stable and mutually beneficial, the deterioration of that relationship could pose risks of conflict, which could materially adversely affect the Company's current and planned operations in Nicaragua.

Under Nicaraguan law, the Company is subject to liability for environmental damage and remediation resulting from discharges or releases of hazardous materials on its mineral concessions, including by artisanal miners. Artisanal and small-scale miners have historically used chemicals that are harmful to the environment to separate the precious metals from the ore. The Company works with artisanal and small-scale miners to discourage the use of hazardous chemicals such as mercury, and has built the Hemco Plant, La Curva Plant and Vesmisa Plant, which provide a mercury-free ore option for processing ore mined by artisanal and small-scale miners in the vicinity of the Hemco Property. However, the Company's efforts may not always be successful. There can be no assurance that the Company will not be subject to environmental liabilities resulting from such operations in the future, which could have a material adverse impact on the Company.

### ***Risk of nationalization of mining assets in Nicaragua***

In the past, Nicaragua has introduced changes to its mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of laws or governmental regulations affecting foreign ownership, mandatory state participation, taxation and royalties, exchange controls, permitting and licensing of exploration, development and production, land use restrictions, price controls, export controls, export and import duties, restrictions on repatriation of income or return of capital, requirements for local processing of mineral products, environmental protection, as well as requirements for employment of local staff or contractors, and requirements for contributions to infrastructure and social support systems. There can be no assurance that Nicaragua will not adopt a nationalization framework or regime. However, the government has had

a pro investment and pro mining approach until now and there are no strong signs that would indicate a drastic change in these areas. Furthermore, there can also be no assurance that the terms and obligations of potential resource nationalization regimes to which our operations are subject to will not increase or become more onerous. Government policy is beyond our control and may change without warning, which could discourage further investment in, or limiting the economic benefits that we derive from, our operations in Nicaragua. There can also be no assurance that our assets in Nicaragua will not be subject to specific nationalization or expropriation measures by any authority or body, whether state sanctioned or otherwise. While there are often frameworks and mechanisms to seek compensation and reimbursement for losses in these kinds of circumstances, there is no assurance that such measures would compensate us adequately or in a timely manner, or at all.

### **Risks Related to Our Common Shares**

#### ***Dilution from equity financing could negatively impact holders of Common Shares***

The Company may from time to time raise funds through the issuance of Common Shares or the issuance of debt instruments. The Company cannot predict the size or price of future issuances of Common Shares or the size or terms of future issuances of debt instruments, whether or not convertible into Common Shares, or the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, or debt securities convertible into Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

#### ***The market price of our Common Shares may be volatile, which could result in substantial losses***

The market price of our Common Shares may fluctuate substantially and may be higher or lower than the initial public offering price. Market prices could be subject to wide fluctuations in response to various factors, many of which are beyond our control and may not be related to our operating or financial performance, underlying asset values, or prospects. These fluctuations could cause investors to lose all or part of their investment if they are unable to sell Common Shares at or above the price they paid. Factors that could cause volatility in the market prices of our Common Shares include:

- price and volume fluctuations in the global stock markets from time to time;
- changes in operating performance and stock market valuations of other companies in the mining industry;
- sales of our Common Shares by us or our major shareholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public (in the event we decide to provide any such projections), any changes in those projections or our failure to meet those projections;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- announced or completed acquisitions of businesses by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

- changes in tax laws and regulations as well as accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management team; and
- general economic conditions and slow or negative growth of our markets.

***The Company's major shareholder has substantial control over the Company, which may limit other shareholders' ability to influence the outcome of corporate decisions***

Mercantil Colpatria S.A. beneficially owns or exercises control or direction over 28.5% of our subscribed Common Shares. As a result, it may have significant influence over the passage of any resolution of our shareholders, business operations and governance practices. Furthermore, the Company could be prevented from entering into transactions that could be beneficial to the Company or other shareholders, and third parties could be discouraged from making an offer or take-over bid to acquire the Company at a price per Common Share that is above then-current market price. Sales of substantial amounts of its Common Shares could adversely affect the market price of our securities.

***Sales by existing shareholders can reduce share prices***

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

***Public companies are subject to securities class action litigation risk***

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If the Company faces such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could materially harm its business.

***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***

The trading market for the Common Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot assure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or change their opinion of the Common Shares, the price of Common Shares would likely decline. If one or more of these analysts cease coverage of the Company or fail to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Common Shares to decline.

***Global financial conditions can reduce the trading price of our Common Shares***

Global financial conditions over the past decade have been characterized by volatility in both commodities prices and equities. Several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by many factors. This may impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, global economic conditions may cause decreases in asset values that are deemed to be other than temporary, which may result in further impairment losses. If such volatility and market turmoil continue, the Company's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price.

Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

***It may be difficult to enforce judgments and effect service of process on the Company, its directors and officers***

Most if not all of the assets of the Company, its subsidiaries, most of their respective directors, all of their respective officers, and certain experts may be located outside of Canada. Although the Company, and certain of its directors, officers, and experts have appointed Gowling WLG (Canada) LLP as agent for service or process in Canada, investors may find it difficult to effect service of process within Canada upon such persons, or to enforce judgments obtained against such persons in Canadian courts, including, without limitation, judgments in actions predicated upon the civil liability provisions of applicable Canadian securities laws. Likewise, it may also be difficult for an investor to enforce in Canadian courts judgments obtained against such persons in courts located in jurisdictions outside Canada, including actions predicated upon the civil liability provisions of applicable Canadian securities laws. It may also be difficult for an investor to bring an original action in a Colombian court predicated upon the civil liability provisions of applicable Canadian provincial securities laws against the Company or these persons.

***While the Company intends to make distributions on the Common Shares annually, there can be no assurance that dividends will be paid in the future***

We intend to pay dividends on our Common Shares in accordance with our dividend policy and Colombian Regulations (see "Dividends"). However, any determination to pay dividends in the future will be subject to the approval of our shareholders, and will depend on a number of factors, including, but not limited to, our cash balance, cash flow, earnings, capital investment plans, expected future cash flows from operations and our strategic plans, and any restrictions imposed by applicable law.

***Dividends or other distributions paid by us on the Common Shares will generally be subject to Colombian withholding tax***

In general, under the Colombian Tax Code, dividends and distributions from Colombian entities to non-resident shareholders are subject to a 10% withholding tax. However, the 10% withholding tax is reduced to 5% under the Tax Treaty between Colombia and Canada if the shareholder is a company with a participation larger than 10% in the Colombian company distributing the dividend. The reduced tax rate is only applicable if the beneficial owner of the dividend is Canadian resident company. If the beneficial owner is an individual, no reduced tax rate will apply. The withholding tax must be withheld from the gross distribution and paid to the Colombian tax authorities. Under certain circumstances, capital reductions could be implemented without triggering income tax to the shareholder (notably when the reimbursed capital amount does not exceed the tax basis of the shares, in general, being the value at which the shares were acquired). Conversely, if the value received by the shareholder exceeds the tax basis of the shares, there would be Colombian tax consequences.

Determining the tax treatment of capital reductions requires an in-depth analysis of the particular facts and circumstances surrounding the capital reduction and of the potential application of any relevant tax treaties. In addition, capital reductions in Colombia are subject to a cumbersome process that would likely require the approval of certain governmental authorities. Under Colombian Law, capital reductions reduce the capital of the entity and not its accumulated profits.

***Your rights and responsibilities as a shareholder will be governed by Colombian law and will differ in some respects from the rights and responsibilities of shareholders under the laws of other jurisdictions, including Canada, and you may have more difficulty protecting your interests than you would as a shareholder of a Canadian-incorporated corporation***

Our corporate affairs are governed by the Colombian Regulations, our Bylaws, the Shareholder Meeting Regulations and Board Regulations, as well as such other applicable local laws, rules and regulations. The rights of our shareholders and the responsibilities of our directors and officers under Colombian law are different from those applicable to a corporation incorporated in Canada. The Bylaws expressly allow for proxyholders to vote in compliance with the instructions channelled through the registered holders of the Common Shares and issued by the beneficial holders of the Common Shares. Colombian judicial and administrative precedents are subject to

change and any changes may have an impact on your rights as a shareholder or on your ability to contest or seek damages for any actions taken by us or by our directors and officers.

The legal framework governing shareholder disputes under the Colombian Regulations differs substantially from corporate laws in Canada, and there are different procedural requirements for shareholder remedies such as derivative actions. Therefore, you may have more difficulty protecting your interests in connection with actions taken by us, our directors and officers than you would as a shareholder of a corporation incorporated in a jurisdiction of Canada.

Due to its status as a Colombian corporation (*sociedad anónima*) and as a company listed on the Colombian Exchange, the Company is subject to laws and regulations governing take-over bids for the Common Shares that are complex, onerous, and which differ significantly from the take-over bid rules under Canadian securities laws. In particular and, among other things, under Colombian Regulations, a potential take-over bid acquiror may be required to deposit at least half of the aggregate purchase price for Common Shares taken up under the bid in escrow and where a competing take-over bid is launched, by operation of law, any Common Shares tendered to either bid are automatically deemed to be tendered to the offer that constitutes the largest cash premium, notwithstanding any contractual arrangements between a shareholder and a potential take-over acquiror. Unlike many other jurisdictions, Colombian corporate laws do not expressly allow for squeeze-out transactions that allow a controlling shareholder to acquire the shares held by minority shareholders in a compulsory transaction, making the acquisition of the Company in a corporate transaction difficult. As a result, potential acquirors of the Company could be discouraged from making a take-over bid, and the Company could be prevented from entering into transactions that could be beneficial to the Company or its shareholders.

***Our shareholders may be subject to restrictions on foreign investment in Colombia***

Colombia's International Investment Statute (the set of rules and regulations which govern the foreign exchange market and the transactions thereto, which include Decree 1068 of 2015, Resolution 1 of 2018 and External Circular DCIP 83 issued by the Central Bank of Colombia, among others) regulates the manner in which non-Colombian residents can invest in Colombia and participate in the Colombian securities market. Among other requirements, Colombian law requires foreign investors to register certain foreign exchange transactions with the Central Bank of Colombia and outlines the necessary procedures to authorize certain types of foreign investments. Colombian law requires that certain foreign exchange transactions, including international investment in foreign currency between Colombian residents and non-Colombian residents, must be made through the foreign exchange market, either through authorized foreign exchange market intermediaries or compensation accounts, which are regular bank accounts held abroad by Colombian residents and registered with the Central Bank of Colombia.

As a result of the trust structure, shareholders who acquire Common Shares through issuances from treasury or through the facilities of the TSX will not be required to register directly with the Central Bank of Colombia. Absent such structure, foreign investors must register their investment in Common Shares with the Central Bank of Colombia as a portfolio investment through their local representative, which may be a brokerage firm, trust company or investment management companies supervised by the Colombian Superintendence of Finance. Outside of the trust structure, foreign investors will only be allowed to transfer dividends abroad after their foreign investment registration procedure with the Central Bank of Colombia has been completed. Investors withdrawing Common Shares from the TSX to trade on the Colombian Exchange will be required to register with the Colombian Central Bank and could incur expenses and/or suffer delays in the application process. The failure of an investor to report or register foreign exchange transactions with the Central Bank of Colombia on a timely basis may prevent the investor from receiving dividends abroad or result in the initiation of an investigation and in the imposition of fines.

In the future, the Colombian government or the Central Bank of Colombia may amend Colombia's International Investment Statute or the foreign investment rules, which could result in more restrictive rules and could negatively affect trading of our Common Shares, prevent the payment of dividends, hinder or prevent the use of the trust structure, which may negatively affect the exercise of the voting rights and the payment of dividends to non-Colombian residents.

Colombia currently has a free convertibility system. If a more restrictive convertibility system is implemented, we may experience difficulties when converting Colombian peso amounts into U.S. dollars to remit dividend payments.

***Colombian Regulations require us to obtain shareholder approval for any Common Share repurchases, limiting our flexibility to implement normal course issuer bids***

Under the Colombian Commercial Code, a corporation may only purchase or buy back its own shares if approved by the shareholders by ordinary resolution, or any higher approval threshold set out in the corporation's Bylaws. Accordingly, the Company will not be able to undertake normal course issuer bids to acquire Common Shares in the secondary market as permitted by Canadian securities laws and TSX rules, without first obtaining shareholder approval. This may reduce the Company's flexibility to use capital to repurchase Common Shares where it would be reasonable and prudent to do so, including to maintain or stabilize the market for the Common Shares, or provide value to shareholders where management believes that the market price for its securities does not fully reflect the underlying value of the Company.

## **DIVIDENDS**

Dividends must be approved at the ordinary meeting of the General Shareholders Assembly upon the recommendation of the Board of Directors. Under the Colombian Commercial Code, after payment of income taxes and appropriation of legal and other reserves, and after setting off losses from prior fiscal years, a corporation must distribute to its shareholders at least 50% of its annual net profit or 70% of its annual net profit if the total amount of reserves exceeds its outstanding capital, unless waived by special resolution passed by at least 78% of the voting shares represented at the applicable ordinary meeting of shareholders. Dividends must be distributed to all shareholders, in cash or shares of the Company, as may be determined by the shareholders, and within one year from the date of the ordinary meeting of shareholders at which the dividend was declared. Pursuant to section 151 of the Colombian Commercial Code, if losses from the prior fiscal years have resulted in the total shareholders equity being less than the amount of the legal capital, dividends can only be distributed after setting-off such losses. See "*Description of Share Capital - Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia – Dividends*". In the event dividends are to be paid in shares of the Company to all shareholders, the decision to pay dividends in shares shall be approved by 80% of the shares present in person or represented by proxy at the General Shareholders Assembly. If approved by holders representing less than 80% of the Common Shares entitled to vote at such meeting, payment in shares can only be made to shareholders that voluntarily agree to receive them. See also "*Description of Share Capital - Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia*".

The Board is of the view that Mineros' shareholders should receive a direct cash benefit when the price of gold is high and the Company's position otherwise permits, having regard to future projects and anticipated cash commitments. The Company looks to pay ordinary dividends that are sustainable over time having regard to its financial metrics, profitability, balance sheet strength and reinvestment options in the business. The Company declares dividends at its annual General Shareholders Assembly and dividends are paid quarterly. Mineros' dividend payout has historically ranged between 30% to 50% of net profits generated in the fiscal year. In February 2021, the Board adopted a policy to apply all the net profits of the Company as follows: (i) first, an amount equal to 10% of the Company's net profits to a legal reserve, until such reserve is equal to 50% of the Company's paid-in capital; (ii) second, to additional reserves, as the Board deems necessary to further the Company's best interests; and (iii) third, to the payment of dividends on the Common Shares. In accordance with the policy, the Board of Directors will prepare an annual recommendation on the distribution of dividends to be submitted to shareholders for approval at the ordinary meeting of the General Shareholders Assembly. When deciding on the recommendation for the distribution of dividends, the Board will aim to pay in dividends at least 15% of the net income of the prior fiscal year, provided that this allows, in good faith, to maximize the long-term value of the Company.

The following table sets forth the cash dividends declared on the Common Shares during the periods indicated.

	Cash Dividend per Common Share (US\$)	Total Cash Dividends Declared (US\$000s)
Fiscal year ended December 31, 2022 <sup>(1)(2)</sup> .....	0.0696	18,213
Fiscal year ended December 31, 2021 <sup>(3)(4)</sup> .....	0.0696	18,213
Fiscal year ended December 31, 2020 <sup>(5)(6)</sup> .....	0.051	12,457

**Notes:**

- (1) In 2022, the Company declared a one-time extraordinary cash dividend of US\$0.01 per Common Share, which was paid in April 2022, and an ordinary dividend of US\$0.0162, payable in April, July, and October 2022, and January 2023.
- (2) Based on the average annual exchange rate for 2022 of COP\$4,255.44 = US\$1.00.
- (3) In 2021, the Company declared a one-time extraordinary cash dividend of US\$0.008 per Common Share, which was paid in April 2021, and an ordinary dividend of US\$0.0154, payable in April, July, and October 2021, and January 2022.
- (4) Based on the average annual exchange rate for 2021 of COP\$3,747.97 = US\$1.00.
- (5) Cash dividends for 2020 were paid in equal quarterly installments.
- (6) Based on the average annual exchange rate for 2020 of COP\$3,693.36 = US\$1.00.

## DESCRIPTION OF SHARE CAPITAL

### General Description of Capital Structure

The Bylaws authorize the Company to issue 800,000,000 shares having par value of COP\$0.50 per share. The Bylaws allow the Company to issue shares both in Colombia and abroad up to the amount of its authorized capital, and to create and issue preferred shares by resolution of the General Shareholders Assembly passed by simple majority.

In accordance with the second paragraph of article 20 of the Colombian Civil Code, the issuance and sale of shares by a company outside of Colombia constitute operations carried out in a foreign country to which the relevant foreign law applies. To that effect, the Bylaws specify that shares issued outside of Colombia (i.e. in a foreign jurisdiction) are subject to “applicable foreign law” (being any law, rule, policy, regulation, decree, order, resolution, practice, standard or pronouncement issued or adopted by a governmental authority, regulatory authority, securities commission or stock exchange (and includes any rules or regulations required to be observed or followed by any transfer agent)) that is applicable in any country in which shares are issued, or which apply to the Company or to such shares as a result of such shares having been listed and posted for trading on any stock exchange outside of Colombia.

### Common Shares

The Common Shares are the only class of shares created and issued by the Company. There are 299,737,402 Common Shares issued and subscribed, and 56,218,850 Common Shares held by the Company. In accordance with applicable Colombian law, shareholder rights associated with the Common Shares are suspended while they are held by the Company. The Bylaws provide that the Common Shares held by the Company may be cancelled with a proportionally increase in the value of the other shares held by third parties, by way of Bylaw amendment; or cancelled with a reduction of the capital up to its par value. The Company has no present intention to sell or distribute the Common Shares that it holds, and intends to hold them pending a future determination regarding their disposition.

### Meetings of the General Shareholders Assembly

Meetings of the General Shareholders Assembly may be ordinary meetings or extraordinary meetings. Ordinary shareholder meetings may be called by the Board or the President of the Company. Ordinary meetings occur once a year and generally no later than three months after the end of the prior fiscal year, for the following purposes: (i) to consider and approve the Company’s annual report, including audited financial statements for the preceding fiscal year; (ii) to elect or remove directors and the external auditor; (iii) to determine the allocation of profits for

the preceding fiscal year, if any, as well as any retained earnings from previous fiscal years, (iv) to approve the payment of dividends, if any, and (v) to consider any other matters authorized in the Bylaws.

If an ordinary meeting of the General Shareholders Assembly does not occur within the first three months of the year, the shareholders may validly hold a meeting, without prior notice, at 10:00 a.m. on the first working day of April at the Company's headquarters.

Extraordinary meetings of the General Shareholders Assembly may take place when duly called for a specified purpose. Extraordinary shareholder meetings may be called at any time by the Board, the President, and the external auditor, either by their own initiative or at the request of the Colombian Superintendence of Finance or of the Superintendence of Companies, as applicable, or shareholder(s) holding no less than 5% of the issued capital of the Company. The Colombian Superintendence of Finance may also directly call extraordinary meetings in certain circumstances.

Quorum for both ordinary and extraordinary shareholder meetings requires the presence of two or more shareholders representing not less than 40% of the outstanding shares entitled to vote at the relevant meeting.

### **Voting Rights**

Holders of Common Shares are entitled to participate in meetings of the General Shareholders Assembly, and to vote on the basis of one vote per share on any matter subject to approval by the General Shareholders Assembly.

In accordance with the Colombian Regulations, the Board of Directors is elected by way of the electoral quotient system, which requires the directors to be elected on the basis of slates of nominees proposed for election pursuant to the electoral quotient system. See *"Description of Share Capital - Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia - Electoral Quotient System"*.

Except when Colombian law requires a special majority, action may be taken at a meeting of the General Shareholders Assembly by the vote of one or more shareholders representing 50% plus one of the Common Shares represented at the meeting.

Persons who are directors, officers or employees of the Company, while they hold such positions, may not vote on resolutions of the General Shareholders Assembly with respect to the annual management report, profit distribution proposals, balance sheet and year-end accounts or settlement accounts of the Company, except when acting as a legal representative of a shareholder who is not a manager or employee of the Company. Directors and officers are also barred from voting on resolutions of the General Shareholders Assembly concerning transactions in which they are involved and so have a conflict.

### **Dividends**

The holders of Common Shares are entitled to receive dividends based on the financial performance of the Company in proportion to their share ownership. Dividends must be approved at the ordinary meeting of the General Shareholders Assembly upon the recommendation of the Board. Dividends declared on the Common Shares will be payable to holders of Common Shares entitled to receive dividends in accordance with applicable law and the Bylaws. See also *"Dividends"*.

### **Rights upon Dissolution and Liquidation**

The holders of Common Shares are entitled, upon liquidation of the Company, to receive a proportional amount of the corporate assets after the payment of external liabilities. The Company will be dissolved if certain events take place, including the following: (i) the term of existence, as stated in the Bylaws, expires without being extended by the shareholders prior to its expiration date; (ii) by resolution of the General Shareholders Assembly; and (iii) in certain other events expressly provided by law. Upon dissolution, a liquidator must be appointed by the General Shareholders Assembly to wind up the Company's affairs.



### **Pre-emptive, Conversion, or Exchange Rights**

There are no pre-emptive, conversion, or exchange rights associated with the Common Shares.

### **Limitations on the Rights to Hold or Vote Securities**

Holders of Common Shares are entitled to transfer and sell Common Shares according to the Bylaws and applicable law. There are no limitations in the Bylaws or applicable law on the rights of Colombian residents or foreign investors to own and vote Common Shares, except in the case of directors, officers or employees of the Company who may not vote on resolutions of the General Shareholders Assembly with respect to the balance sheet and year-end accounts or settlement accounts of the Company, except when acting as a legal representative of a shareholder who is not a manager or employee of the Company. Directors and officers are also barred from voting on resolutions of the General Shareholders Assembly concerning transactions in which they are involved and so have a conflict.

### **Mergers, Spin-offs or Reorganizations of the Company**

Under Colombian law and the Bylaws, the General Shareholders Assembly is required to approve any mergers, spin-offs (where the shareholders of the Company receive shares of the spun out entity), or any changes to the Bylaws, subject to compliance with applicable law.

If a corporate restructuring results in shareholders having a greater degree of liability or a reduction of the economic rights of the shareholders, shareholders have the right to sell their Common Shares, known as right of withdrawal (*derecho de retiro*), on terms and conditions established under Colombian law.

### **Other Rights, Attributes and Characteristics**

The Common Shares must be issued by the Company as fully-paid and non-assessable shares. The Common Shares are not subject to any redemption, retraction, purchase for cancellation, or surrender provisions, sinking or purchase fund provisions, or provisions restricting the issuance of additional securities. Holders of Common Shares cannot be required to contribute additional capital.

Colombian securities laws provide that shareholders holding at least 5% of the outstanding shares may propose recommendations to the Board pertaining to the management of the Company. The Board is obligated to consider such proposals and to issue a written response but is not obligated to adopt them. Any shareholder may file a written petition to the Board to investigate corporate governance violations that the shareholder believes to have been committed.

Additionally, the Shareholder Meeting Regulations regulate and complement certain matters in connection with the meetings of the General Shareholders Assembly, including notice of meeting, information to be received by the shareholders, rules for attendance to meetings, and the exercise of their political rights, in order to guarantee good corporate governance practices to facilitate decision-making within the shareholder meetings.

### **Modification of Terms of Common Shares**

There are no conditions in the Bylaws governing changes in the rights attached to the Common Shares that are more stringent than those required under Colombian law.

Rights attached to the Common Shares that arise under the Bylaws and Shareholder Meeting Regulations may only be modified through amendment approved by the General Shareholders Assembly by ordinary or extraordinary resolution and formalized by means of a public deed issued by a notary public, and are subject to acceptance for registration at the Commercial Registry.

### **Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia**

Mineros is a Colombian company incorporated and existing under the laws of Colombia as a stock corporation (*sociedad anónima*) on November 21, 1974, and listed on the Colombian Exchange. See “*Corporate Structure*”.

The following discussion summarizes material differences between the rights of holders of common shares of a Colombian stock corporation like Mineros, as modified by the Bylaws, and the rights of holders of common shares of a typical corporation incorporated under the federal laws of Canada, as modified by a typical corporation's bylaws. This summary does not purport to be complete, and is qualified in its entirety by reference to the Colombian Regulations (being the Colombian Commercial Code and the Colombian securities regime), the Bylaws, and the CBCA.

Unless otherwise specified, in the following summary, the term "ordinary resolution" of shareholders refers to a resolution passed by a simple majority (50% plus one) of the votes cast by eligible voting shareholders, and the term "special resolution" refers to a resolution passed by at least two-thirds of the votes cast by eligible voting shareholders.

## **CBCA**

## **Colombia**

### **Constituting Documents**

The constituting documents of a corporation incorporated under the CBCA are its articles of incorporation and bylaws.

Articles of incorporation specify the name of the corporation; the province in which the corporation's registered office will be located; the corporation's authorized share capital; the rights, privileges and restrictions that attach to each class of shares (if multiple classes exist); the authority given to directors to fix the number of shares and determine the designation of rights, privileges, restrictions and conditions attaching to shares of each series; a statement that the issue, transfer or ownership of shares of the corporation are restricted if this is the case (and a statement as to the nature of such restrictions); the number of directors; and any restriction on business that the corporation may carry on. The articles may also set out provisions permitted by the CBCA or other law to be set out in the corporation's bylaws.

CBCA corporations also generally have bylaws governing the management of the corporation, although they are not expressly required. The bylaws generally include notice provisions for shareholder and director meetings, committees, appointment of officers, dividends and share provisions among other.

Under Colombian Regulations, a corporation is incorporated by having its bylaws executed by way of public deed issued by a notary public and registered before the relevant Commercial Registry. The date of incorporation of a corporation is the effective date of registration at the Commercial Registry. Any amendments to the bylaws are also required to be executed by way of public deed issued by a notary public and registered at the relevant Commercial Registry.

Under Colombian Regulations, the shareholders have the authority to fix the number of shares (to determine the authorized capital – *capital autorizado*) and determine the designation of rights, privileges, restrictions and conditions attaching to shares of each class.

All of the matters addressed in the articles and bylaws of a CBCA corporation are generally addressed in the bylaws, internal shareholder meeting regulations, and internal regulations of the board of directors of a Colombian corporation. Once the bylaws are registered before the Commercial Registry, they are available for public review. The internal shareholder meeting regulations are not required to be made available to the public under the Colombian Regulations. However, Mineros' Shareholder Meeting Regulations and all of the Mineros Policies are published on its website in accordance with applicable laws.

### **Amendments of Constituting Documents**

Under the CBCA, any change to the articles of a corporation must be approved by special resolution, other than a change in the corporation's name from a number name to a verbal name. If a proposed amendment requires approval by special resolution, the holders of shares of a class (or of a series of a class, if the proposed amendment would affect such series differently from the other series of shares of such class) are entitled to vote separately as a class or series if the proposed amendment affects the class or series as specified in the CBCA, whether or not the class or series otherwise carries the right to vote.

Pursuant to the CBCA, the board of directors of a corporation may make, amend or repeal bylaws provided that any such by-law, amendment or repeal of a by-law must be confirmed at the next meeting of shareholders by the affirmative vote of a majority of the shareholders entitled to vote at such meeting. Any by-law or amendment is effective when made by the board of directors but ceases to be effective if not

Under the Colombian Commercial Code, any amendment of the Bylaws requires approval by an ordinary resolution of the shareholders at the relevant meeting. A vote of the holders of non-voting shares (if any) is also required if the amendment of the Bylaws would negatively affect the rights granted to the holders of non-voting shares, in which case, the approval of 70% of all of the subscribed shares is required (in accordance with Section 63 of Law 222 of 1995), and for the purpose of such approval, each outstanding share (including each non-voting share) is deemed to have one vote per share. Amendments to the Bylaws are not fully effective until they are recorded in a public deed and publicly registered at the relevant Commercial Registry.

Any amendment of the Shareholder Meeting Regulations requires approval by an ordinary resolution of the shareholders at the relevant meeting, but is not subject to public deeds or registration at a Commercial Registry.

## CBCA

confirmed by the shareholders at the next shareholder meeting after it is enacted.

## Colombia

### Share Rights and Structure

Shares of a CBCA corporation must be in registered form and be issued without nominal or par value. The authorized capital of a corporation may be composed of one or more classes of shares and may have series of shares within each class. If the corporation has only one class of shares, the shares must confer on the shareholders: (i) equal voting rights; (ii) the right to dividends declared by the corporation; and (iii) the right to a share of the assets upon liquidation. Such rights must be attached to at least one class of shares, but not all of them are required to be attached to the same class.

Under the Colombian Commercial Code, the shares of a stock corporation must be in registered form and must have a nominal or par value that is specified in the corporation's bylaws. The authorized capital of a corporation may be composed, solely, of the following classes of shares:

- Common shares, which confer on the shareholders: (i) equal voting rights; (ii) the right to dividends declared by the corporation; and (iii) the right to a share of the assets upon liquidation, even if the incorporating document does not set out such rights;
- Preferred shares, which confer the same rights as the common shares, plus: (i) a preferred dividend; (ii) preferred reimbursement upon liquidation; or (iii) any other economic right; and
- Non-voting shares with a preferential dividend, which: (i) do not confer voting rights, except for voting rights in specific circumstances set forth under applicable law or the issuance documents; (ii) confer the right to a preferential dividend (cumulative or not) payable prior to paying any dividend to the holders of common shares; (iii) confer the right to the reimbursement of their contributions in a preferential way upon liquidation; and (iv) other rights as set out in the corporation's bylaws.

Colombian stock corporations may not issue securities convertible into shares, other than convertible debt securities. The Bylaws provide for one class of common shares, being the Common Shares. For more information about the rights associated with the Common Shares, see "*Description of Share Capital – Share Capital*". The Company may create preferred shares if authorized by an ordinary resolution of the shareholders.

### Dividends

The CBCA permits directors alone to declare dividends. The declaration of dividends is subject to certain solvency requirements. Declaration of a dividend is entirely discretionary at the determination of the board.

When a dividend is declared, the directors will also determine the effective date, and form of payment of dividends, including the record date for payment of any dividend.

Under the Colombian Commercial Code, after payment of income taxes and appropriation of legal and other reserves, and after setting off losses from prior fiscal years, a corporation must distribute to its shareholders at least 50% of its annual net profit or 70% of its annual net profit if the total amount of reserves exceeds its outstanding capital. Such dividend distribution must be made to all shareholders, in cash or shares of the corporation, as may be determined by the shareholders, and within one year from the date of the ordinary meeting of shareholders at which the dividend was declared. The minimum dividend per share may be waived by an affirmative vote of holders of 78% of the voting shares represented at the applicable ordinary meeting of shareholders. When a dividend is declared, the Shareholder Assembly will also determine the effective date, method, and place for payment of dividends, including the record date for payment of any dividend, and whether payments will be paid in installments.

A mandatory payment of dividends in shares of the corporation requires a special resolution of 80% of the votes cast by shareholders voting on the resolution. Payment in

## **CBCA**

## **Colombia**

shares will not be mandatory, and will only be made to shareholders that voluntarily accept it, if (i) payment in shares is approved with a majority lower than 80% or (ii) the 80% majority is reached, but the company has a controlling shareholder. Under the Colombian Commercial Code, a “controlling” shareholder is a shareholder who (i) holds a sufficient number of the voting rights attached to all outstanding voting securities of an issuer to affect materially the control of the issuer, or (ii) can exert significant control over the issuer by contractual arrangement.

### **Sale of All or Substantially All of the Company’s Assets**

Under the CBCA, the sale, lease, or exchange of all or substantially all of the property of a corporation, other than in the ordinary course of business, requires shareholder approval by a special resolution. Holders of shares are entitled to vote in respect of such a sale, lease or exchange, whether or not those shares otherwise carry the right to vote.

Under Colombian Regulations, the sale, lease or exchange of substantially all of the assets of a corporation (*sociedad anónima*) is not subject to shareholder approval, unless otherwise set forth in the bylaws of the corporation.

The Bylaws do not require that such a transaction be subject to shareholder approval by ordinary resolution. Nevertheless, if the value of the transaction is higher than US\$1,000,000 the execution of the contract requires the approval of the Board of Directors.

### **Mergers and other Fundamental Changes**

The merger of a corporation by way of amalgamation (subject to limited exceptions) or statutory arrangement under the CBCA are also subject to shareholder approval by special resolution.

In addition, shareholder approval by special resolution is required to amend a corporation’s articles to: (i) change its name; (ii) change the province in which its registered office is situated; (iii) add, change or remove any restriction on the business or businesses that the corporation may carry on; (iv) change any maximum number of shares that the corporation is authorized to issue; (v) create new classes of shares; (vi) reduce or increase its stated capital, if its stated capital is set out in the articles; (vii) change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued; (viii) change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series; (ix) divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof; (x) authorize the directors to divide any class of unissued shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof; (xi) authorize the directors to change the rights, privileges, restrictions and conditions attached to unissued shares of any series; (xii) revoke, diminish or enlarge any authority conferred under paragraphs (x) and (xi); (xiii) increase or decrease the number of directors or the minimum or maximum number of directors; (xiv) add, change or remove restrictions on the issue, transfer or ownership of shares; or (xv) add, change or remove any other provision that is permitted by the CBCA to be set out in the corporation’s articles.

Under Colombian Regulations, any merger, spin-off (where the shareholders of the Company receive shares of the spun out entity), or any changes to the bylaws to implement any fundamental changes is subject to shareholder approval by ordinary resolution, subject to compliance with applicable laws. An asymmetrical spin-off, in which the shareholders of the original corporation do not hold the same equity stake in the resulting corporation is subject to approval by special resolution of 100% of the votes cast by eligible voting shareholders present at the meeting.

The conversion of a corporation into a simplified stock company (*sociedad por acciones simplificada*) is subject to unanimous shareholder approval. However, Colombian Regulations restrict simplified stock companies from listing their shares. Accordingly, the Company may not be converted into a simplified stock company without first delisting from the Colombian Exchange. Conversion into other business forms, including partnerships and limited partnerships, is subject to approval by ordinary resolution. Similarly, Colombian Regulations restrict these business forms from listing their shares.

### **Rights of Dissent and Appraisal**

The CBCA provides that shareholders have the right to dissent to certain actions being taken by the corporation and

Under the Colombian Commercial Code, the fundamental changes set out in the next paragraph are subject to

## **CBCA**

to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents. The dissent right is available to shareholders of any class if the corporation resolves to: (i) amend its articles to add, remove or change restrictions or constraints on the issue, transfer or ownership of shares of a class of the corporation; (ii) amend its articles to add, remove or change any restriction upon the business or businesses that the corporation may carry on; (iii) amalgamate with another corporation, subject to certain exceptions under the CBCA; (iv) be continued under the laws of another jurisdiction; (v) sell, lease or exchange all or substantially all of its property; (vi) carry out a going-private or a squeeze-out transaction; or (vii) amend its articles so as to modify, directly or indirectly, the rights of shareholders as provided in the articles.

Pursuant to subsection 190(5) of the CBCA, a dissenting shareholder must deliver to the corporation a written objection to the special resolution in respect of which the shareholder intends to exercise its dissent rights at or before the shareholder meeting at which the resolution is to be voted on. A vote against the special resolution, an abstention from voting on the special resolution, or the execution or exercise of a proxy to vote against the special resolution does not constitute a notice of dissent.

If the transaction or other event giving rise to dissent rights is approved by shareholders, a corporation must notify each shareholder who validly exercised their dissent rights and then within certain statutory time frames the dissenting shareholder must send to the corporation a written notice containing the prescribed information and the share certificate(s) representing the shares in respect of which the shareholder has dissented. Upon valid exercise of dissent rights, a shareholder ceases to have any rights as a shareholder and only has a right to be paid the fair value of its shares. Fair value shall be determined as of the close of business on the business day before the approval of the transaction or other event in question. Where the directors revoke any special resolution or otherwise terminate the transaction or other event giving rise to dissent rights, the shareholder's rights are reinstated.

A corporation is required to send to each dissenting shareholder who has sent demand for payment a written offer to pay for the dissenting shareholder's including the amount the board of directors has determined would constitute fair value and a statement showing how such fair value was determined. If the corporation fails to make an offer to pay or a dissenting shareholder fails to accept such an offer, the corporation may but is not required to apply to a court of competent jurisdiction to fix the fair value of such common shares. If the corporation fails to make such an application, a dissenting shareholder has the right to do so.

Upon an application to the court, all dissenting shareholders whose shares have not been purchased by the corporation will be joined as parties and be bound by the decision of the court as to the fair value of the shares.

## **Oppression Remedy**

Under the CBCA, a shareholder, former shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, CBCA Director, or any other person who, in the discretion of the court, is a proper person

## **Colombia**

shareholder confirmation by ordinary resolution and provide the holder of the share with certain rights of withdrawal.

Absent or dissenting shareholders will have a right of withdrawal only if: (i) the change is a merger, spin-off (where the shareholders of the Company receive shares of the spun out entity) or conversion into another business form; and (ii) the change results in shareholders having a greater degree of liability (for example, a reorganization whereby the type of company changes from a stock corporation to a partnership (*sociedad colectiva*)), or results in a reduction of their economic rights. A reduction of economic rights within this context is deemed to have occurred when: (i) the equity percentage of the shareholder is reduced; (ii) the book value or the par value of the shares is reduced, provided that in this case there is a capital decrease; or (iii) the ability to trade the shares is limited or reduced. Withdrawal rights may also be exercised in the following cases: (i) under Colombian securities laws, dissenting shareholders have rights of withdrawal if the corporation resolves to delist its securities from the Colombian Exchange and (ii) under Law 1429 of 2010, shareholders may exercise withdrawal rights when a dissolved company is reactivated, provided that such shareholders did not vote in favour of reactivation.

In all these cases, within five days following notification of the exercise of the right of withdrawal, the corporation will offer the shares to the other shareholders pro rata to their participation in the capital stock. If the shareholders do not acquire all of the shares, the corporation, within the following five days, will, subject to compliance with any restrictions contained in its bylaws or otherwise at law, acquire the remaining shares provided that there are liquid profits or reserves available for that purpose. If the shareholders or the corporation do not acquire all the shares, the withdrawal right will entitle the exercising shareholder to demand the reimbursement of its equity contribution.

The value paid for the shares in respect of which the right of withdrawal has been exercised will be based on mutual agreement between the parties. Absent mutual agreement, the valuation will be completed by experts appointed by the Colombian Superintendence of Finance. Different methods of valuation may be established in a corporation's bylaws, but have not been established in the Bylaws. A corporation must pay any such reimbursement within two months following the date of exercise of the right of withdrawal. If paying the amount to be reimbursed could jeopardize the financial stability of the corporation, it may apply to the Colombian Superintendence of Finance to grant an extension of the time for payment, provided that such extension does not exceed one year.

Under the Colombian Commercial Code there is no specific remedy for oppression. However, a shareholder may seek damages and the annulment of any resolution passed at a meeting of the shareholders where such resolution was

### **CBCA**

to seek an oppression remedy, may apply to the court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, or the business or affairs of the corporation or its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or any of its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to or that unfairly disregards the interest of any security holder, creditor, director or officer.

### **Colombia**

passed as the result of an abuse of voting rights by a shareholder. Also, when a decision is taken by a director or officer acting under a conflict of interest without the prior approval of the shareholders' meeting (which would be a violation of Colombian law), the shareholders may seek to have the decision overturned and the officer or director in question may be held liable for the damages suffered by the corporation. The Bylaws include an arbitration provision and as a result the aforementioned remedies must be brought before an arbitration tribunal. The Colombian Superintendence of Finance may also impose fines for breach of the rules regulating conflicts of interest

### **Shareholder Derivative Actions**

Under the CBCA, a shareholder, former shareholder, director, former director, officer, former officer of a corporation or any of its affiliates, or any other person who, in the discretion of the court, is a proper person, may apply to the court for leave to bring, defend or discontinue an action in the name and on behalf of a corporation or any of its subsidiaries (called a "derivative action") if the directors of the corporation do not bring, diligently prosecute or defend or discontinue the action, and it appears to be in the interests of the corporation that the action be brought, prosecuted, defended or discontinued.

Under the Colombian Commercial Code, a corporation may bring a claim against its officers and directors (*acción social de responsabilidad*) if authorized by an ordinary resolution of the shareholders. Shareholders holding at least 20% of the outstanding shares are empowered to directly call an extraordinary meeting of shareholders to consider such a resolution. Approval of this claim will result in the removal of the officer or director, and the officer or director may also be subject to personal liability for any damages. Where a claim is approved by the General Shareholders Assembly but is not initiated by the corporation within three months, any officer, the corporation's external auditor, or any of its shareholders may commence the claim on behalf of the corporation. Additionally, once such three-month period has elapsed, creditors representing more than 50% of the corporation's external indebtedness may also initiate a derivative claim if the corporation's assets are insufficient to pay its liabilities. Creditors could attempt to bring the suit before Colombian courts with the argument that they are not subject to the arbitration clause included in the Bylaws. However, since the suit is filed on behalf of the Company, there is an argument to be made in favour of arbitration.

### **Shareholder Meetings**

Under the CBCA, shareholder meetings can be annual meetings or special meetings. A corporation is required to hold an annual meeting no later than 15 months after the last preceding annual meeting, and no later than six months of the corporation's financial year end, for the following purposes: (i) to consider the financial statements and receive the auditor's report, (ii) to elect the directors, and (iii) to appoint the corporation's auditor until the close of the next annual meeting and to fix their remuneration.

Special meetings of shareholders may be called at any time by the board of directors, and may consider any business.

Unless a corporation's bylaws provide otherwise, a quorum of shareholders meetings requires the presence of holders of a majority of the shares entitled to vote at the meeting in person or by proxy.

Under the Colombian Commercial Code, shareholder meetings may be ordinary meetings or extraordinary meetings. Ordinary shareholder meetings occur at least once a year but no later than three months after the end of the prior fiscal year (unless otherwise provided in the bylaws), for the following purposes: (i) to consider the approval of the Company's annual report, including the financial statements for the preceding fiscal year; (ii) to review the annual report prepared by the external auditor; (iii) to determine the compensation of the directors and the external auditor; (iv) to elect directors and the external auditor; and (v) to determine the allocation of profits for the preceding financial year, if any, as well as any retained earnings from previous fiscal years, and (vi) to approve any dividend. If an ordinary meeting of shareholders does not occur within the first three months of the year or as otherwise set forth in the corporation's bylaws, the shareholders may validly hold a meeting on the first business day of April without prior notice.

Extraordinary shareholder meetings may take place when duly called for a specified purpose or purposes, or, without prior notice, when holders representing all outstanding shares entitled to vote on the issues to be considered are present. Extraordinary shareholder meetings may be called at any time by the board of directors, the President, the

## **CBCA**

## **Colombia**

external auditor, or the Colombian Superintendence of Finance, and may consider any business.

The Bylaws provide that quorum for both ordinary and extraordinary shareholder meetings to be convened at first call requires the presence of two or more shareholders representing at least 40% of the outstanding shares entitled to vote at the relevant meeting. If a quorum is not present, a subsequent meeting is called at which the presence of one or more holders of shares entitled to vote at the relevant meeting constitutes a quorum, regardless of the number of shares represented.

Section 185 of the Colombian Commercial Code bars directors, officers, and employees of a company from acting as proxyholders to shareholders during meetings of the shareholders' assembly. Accordingly, the Company's management cannot be compelled to accept any proxies that would entitle them to participate in shareholder meetings. To facilitate the exercise of shareholder rights, the Bylaws require the Company to retain a law firm that will supply proxyholders who will be compelled to attend shareholder meetings and vote in accordance with the instructions issued by the shareholders.

### **Place of Shareholder Meetings**

The CBCA provides that meetings of shareholders of a corporation shall be held at the place within Canada provided in the bylaws or, in the absence of such provision, at the place within Canada that the directors determine.

A meeting of shareholders may be held outside Canada if the place is specified in the articles or all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

Under the Colombian Commercial Code, shareholder meetings are required to be held at a corporation's registered office, subject to limited exceptions. The Bylaws provide that shareholder meetings shall be held at the Company's head office in Medellín, Colombia. Hybrid and virtual shareholders' meetings are allowed in Colombia pursuant to Decree 398 of 2020.

### **Shareholder Right to Requisition Meetings**

The CBCA provides that one or more shareholders of a corporation holding at least 5% of the issued voting shares in a corporation may give notice to the directors requiring them to call and hold a meeting of shareholders. Further, the CBCA generally provides that on receiving the requisition, the directors shall call a meeting of shareholders to transact the business stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

Section 182 of the Colombian Commercial Code grants shareholders representing 10% of outstanding shares (unless otherwise provided in the bylaws) the right to requisition a shareholder meeting. Also, the Colombian Superintendence of Finance may convene an extraordinary meeting of shareholders by request of the shareholders.

The Bylaws and Shareholder Meeting Regulations provide that shareholders representing at least 5% of the outstanding shares have the right to request that an extraordinary shareholders meeting be convened. Such requests must be made in writing to the President of the Company or the Investor Relations Office at any time other than the three months preceding the ordinary meeting of the General Shareholders Assembly, and must clearly indicate (i) the purpose of the meeting, and (ii) that the General Shareholders Assembly is competent to address the issue to be addressed. The President can reject such request where (i) the issue has been previously considered at a meeting of the General Shareholders Assembly during the year preceding the request, absent a material change in circumstances or (ii) the request has been made within the three months prior to the General Shareholders Assembly.

The President must approve or reject the shareholder request to convene a meeting within ten calendar days of receipt. If the request meets the foregoing requirements, the President must call the extraordinary meeting within ten business days

## **CBCA**

## **Colombia**

of such decision. If not, the President must issue a written response stating the grounds for refusing to grant the shareholder request.

### **Shareholder Proposals**

The CBCA provides that a shareholder who holds at least 1% of the total number of outstanding voting shares of the corporation, provided that such voting shares have a fair market value of at least C\$2,000, may submit to the corporation notice of any matter that the shareholder proposes to raise at a meeting called by the corporation and may discuss any such matter at the meeting. If such a proposal is submitted to the corporation during the 60-day period between 90 and 150 days before the anniversary date of the prior annual meeting, a corporation who receives such a proposal is required to set out the proposal in its management information circular.

Law 964 of 2005 and the Bylaws provide that shareholders holding 5% or more of the voting shares of a corporation have the right to submit proposals to the board of directors of a corporation. The board of directors is obligated to consider such proposals and to issue a written response, but is not obligated to adopt them.

The Shareholder Meeting Regulations permit shareholders to propose matters for discussion at a meeting of the General Shareholders Assembly as long as such matters do not require a vote. The discussion of any such proposal during an extraordinary meeting of the General Shareholders Assembly is subject to approval by ordinary resolution of the shareholders present at the applicable meeting.

### **Director Elections and Qualifications**

The CBCA provides that a public company must have not fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates. Shareholders of a CBCA corporation elect the directors at each annual meeting by ordinary resolution for a term ending no later than the close of the next annual meeting of shareholders following their election. A director of a reporting issuer can be elected by a majority of votes cast at the meeting in respect of the director's election, unless otherwise required by the constating documents. If permitted by the articles of incorporation, the directors may appoint one or more additional directors to hold office until the next meeting of shareholders, up to a maximum of one-third of the total number of directors elected at the previous annual meeting of shareholders.

The TSX requires at least two directors of a listed issuer to be "independent directors", defined as a person who is not: (i) a member of management, and is free from any business interest or other relationship that could reasonably be perceived to interfere materially with his or her ability to act in the best interest of the company; or (ii) beneficial holder, directly or indirectly, or is a nominee or associate of a beneficial holder, collectively of 10% or less of the votes attaching to all issued and outstanding securities of the company. Generally, the TSX does not consider a person who is currently, or has been within the past three years, an officer, employee of or service provider to the company or any of its subsidiaries or affiliates, or a person who is an officer, employee or controlling shareholder of a company that has a material business relationship with the company, to be an "independent director".

Under the Colombian Commercial Code, the board of directors of a corporation is required to be elected by way of the electoral quotient system, which is a proportional representation voting system.

For an example of the electoral quotient system, see "*Electoral Quotient System*" below.

Colombian Regulations require that at least 25% of a corporation's directors be independent. An "independent director" is a director who is not: (i) an employee or director of the corporation or any of its parent or subsidiary companies, including all those persons acting in such capacity during the year immediately preceding that in which they were appointed, except in the case of an independent member of the board of directors being re-elected; (ii) a shareholder, who either directly or by virtue of an agreement directs, guides or controls the majority of the entity's voting rights or determines the majority composition of management, the board of directors or other corporate bodies of the corporation; (iii) a partner or employee of any association or firm that provides advisory or consultancy services to the corporation or to companies who belong to the same economic group to which the corporation belongs, in the event that income obtained from such services represent for such association or firm 20% or more of its total operating income; (iv) an employee or director of a foundation, association or institution that receives significant donations from the corporation (and for the purpose of the foregoing, the term "significant donations" means 20% or more of the total amount of donations received by the respective institution); (v) an administrator of any entity, if a legal representative of the corporation is a member of that entity's board of directors; and (vi) any person who receives from the corporation any kind of remuneration, other than director fees payable to directors and fees for acting as a member of committee of the board of directors. The election of independent directors must be made under a separate ballot from the election of the rest of the directors, unless achieving the minimum number of independent directors required by law or the corporation's bylaws is assured by virtue of all members of the proposed board of directors being independent or, when there is only one slate of nominees



## CBCA

## Colombia

proposed for election, and such slate includes the minimum number of required independent directors.

Pursuant to the Policy for the Election, Evaluation and Compensation of the Board of Directors, the following persons are ineligible to serve as directors of the Company: (i) persons who have been convicted of financial crimes or crimes against the public administration or of any other money laundering or terrorist financing offences and/or had disciplinary proceedings for fiscal sanctions; (ii) any person who is included in restricted lists for conducts linked to money laundering, terrorist financing, fraud, corruption, bribery or any other illegal conduct; (iii) any person who has a pre-determined conflict of interest with the Company as set out in the Board Regulations; and (iv) employees, officers, contractors and partners, spouses, life partners or relatives up to the third degree of consanguinity, second of affinity or first by adoption of any of the foregoing.

### Removal and Replacement of Directors

Unless the articles of incorporation provide for cumulative voting, the shareholders of a corporation may remove any director by ordinary resolution, as defined above, at a special meeting. The holders of a class or series of shares may be granted the exclusive right to elect one or more directors, but in such circumstance, a director may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

A vacancy created by the removal of a director may be filled at the meeting of shareholders in which the director was removed, or, if not filled at such meeting, by a quorum of directors.

Subject to certain exceptions, if all of the directors of the corporation have resigned or been removed without replacement, a person who manages or supervises the management of the business and the affairs of the corporation is deemed to be a director.

Generally, shareholders of a corporation may only remove directors between ordinary shareholders' meetings by requisitioning an extraordinary meeting for the purpose of electing the directors, and electing a new board by way of the electoral quotient system.

If the shareholders pass an ordinary resolution approving a claim against a director (*acción social de responsabilidad*), the director is automatically removed from office. See "*Shareholder Derivative Actions*" above.

Absent unanimous shareholder approval, a vacancy on the board created by the resignation or removal of a director may not be filled by way of a partial election; the entire board must be elected by way of the electoral quotient system.

If all of the directors of the corporation have resigned without replacement, the board of directors remains vacant until new appointments are made as set forth above.

### Conflicts of Interest

Under the CBCA, every director and officer of a corporation, in exercising their powers and performing their functions, must act honestly and in good faith with a view to the best interests of the corporation, and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Where a director or officer has a competing interest or duty, he or she is required to disclose the conflicting interest to the board of directors, and any director is required to abstain from voting on any resolution to approve the conflict or transaction, subject to limited exceptions.

Where a director or officer has an undisclosed conflict of interest in a transaction or contract, a court may set aside the interested transaction or contract on any terms that it thinks fit, and may require the director or officer to account to the corporation for any resulting profit or gain realized.

Notwithstanding the foregoing, a director or officer, acting honestly and in good faith, is not accountable to the corporation or to its shareholders for any profit realized from a contract or transaction, and the contract or transaction is not invalidated by a conflict of interest, where it is approved

Under Colombian Regulations, the officers and directors of a corporation must abstain from participating, directly or through an intermediary, on their own behalf or on behalf of a third party, in activities that compete with the activities of the corporation, or in transactions that may result in a conflict of interest, unless expressly authorized by shareholder resolution. For such purposes, the officers and directors shall provide the shareholders with all the relevant information necessary to reach a decision. Shares directly owned by any director or by an officer that qualifies as a legal representative (see "*Application of Fiduciary Duties to Directors & Officers*" below) are excluded from any shareholder vote to approve a transaction in which he or she has an interest. Shareholders may only approve a conflict of interest transaction if doing so would not adversely affect the corporation's interests. There is no definition under any relevant Colombian legislation in respect of what may constitute a conflict of interest transaction, but the Superintendence of Companies has established that a conflict of interest will exist when, among other things, it is not possible to satisfy two interests at the same time, namely the interest of the officer or director and the interest of the company, either because the interest is of the former or of a third party or where the officer or director

### **CBCA**

by the shareholders by special resolution after adequate disclosure, and was reasonable and fair to the corporation when it was approved.

### **Colombia**

has an interest that may cloud his or her judgment in the course of a given transaction. The Superintendence of Companies has established that a conflict of interest transaction may only be approved at a shareholder meeting, notwithstanding that a majority of the members of the board of directors may not be conflicted.

### **Indemnification of Directors and Officers**

The CBCA permits indemnification of a director or officer of the corporation, a former director or officer of the corporation or another individual who acts or acted at the corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity (an "Indemnifiable Person"), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the corporation or other entity, if: (i) the individual acted honestly and in good faith with a view to the best interests of the corporation, or as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the corporation's request; and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

Under the CBCA, a corporation may also, with the approval of the court, indemnify an Indemnifiable Person in respect of an action by or on behalf of the corporation or other entity to procure a judgment in its favour, to which the individual is made a party because of the individual's association with the corporation or other entity against all costs, charges and expenses reasonably incurred by the individual in connection with such action if the individual fulfills the conditions set out in clauses (i) and (ii) above. In any event, an Indemnifiable Person is entitled to indemnity from the corporation in respect of all costs, charges and expenses reasonably incurred by the individual in connection with the defense of any civil, criminal, administrative, investigative or other proceeding to which the individual is subject because of the individual's association with the corporation or other entity as described above, if the Indemnifiable Person was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done and fulfills the conditions set out in clauses (i) and (ii) above.

### **Application of Fiduciary Duties to Directors & Officers**

Fiduciary duties under the CBCA apply to all directors, and all officers, defined as any individual appointed as an officer of a corporation by its board of directors, including the chairperson of the board of directors, the president, a vice-president, the secretary, the treasurer, the comptroller, the general counsel, the general manager, a managing director, or any other individual who performs functions for a corporation similar to those normally performed by an individual occupying any of those offices.

Under Colombian law, all directors are subject to comply with the duties of care, diligence, confidentiality, fairness, loyalty, a duty not to engage in corporate opportunities, and a duty to declare and avoid conflicts of interest. Only those officers who hold the title of "legal representative" are subject to such duties. The Board can appoint and replace "legal representatives" at will. The Bylaws provide that both the CEO and the CFO are legal representatives of the Company and therefore subject to the same fiduciary duties as the directors.

### **Issuance of Shares**

## **CBCA**

The CBCA provides that a share shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the corporation would have received if the share had been issued for money. Shares issued by a corporation are non-assessable and the holders are not liable to the corporation or to its creditors in respect thereof.

## **Colombia**

Under Colombian Regulations corporations may issue shares that are not fully paid unless otherwise provided in their bylaws, but shares must not be issued at less than their par value.

The Bylaws provide that all shares of the Company must be fully paid at the time of subscription.

### **Share Buybacks**

Subject to certain solvency requirements, the CBCA permits corporations to redeem their redeemable shares and to purchase any of their shares for cancellation if authorized by the directors. Generally, a corporation may not hold shares of its own capital, and a subsidiary may not hold shares of its parent. A corporation shall not make any payment in respect of, or acquire shares issued by it, if there are reasonable grounds for believing that: (i) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of the corporation's assets would after such payment be less than the aggregate of its liabilities and stated capital of all classes of shares.

There are limited exceptions, including where shares that are held by the corporation as an agent or trustee for the benefit of another person, or to assist the corporation or related corporations in qualifying under any Canadian or provincial law to receive licenses, permits, grants, payments or other benefits that are contingent upon the corporation having a specific level of Canadian ownership or control. Generally, a corporation holding shares of its own issue shall not vote or permit those shares to vote, subject to certain exceptions.

Under the Colombian Commercial Code, a corporation may only purchase or buy back its own shares if approved by the shareholders by ordinary resolution, or any higher approval threshold set out in its bylaws. No such higher threshold is set out in the Bylaws. Share buybacks may only be paid from net profits (*utilidades líquidas*) or from special reserves created for such purpose, and the shares to be acquired must be fully paid up. Pursuant to Section 42 of Law 964, all shareholders must be offered the chance to tender their shares for purchase by the Company under the same conditions.

Repurchased shares can be subsequently cancelled. Alternatively, the Company can distribute repurchased shares as a stock dividend or sell them and distribute the proceeds of said sale as a dividend. Shareholder rights associated with shares are suspended while they are held by the Company. Under Colombian law, a subsidiary may not hold shares of its parent.

### **Entitlement to Information**

Under the CBCA, shareholders may examine and copy corporate records, financial statements and directors' reports, and receive the corporation's financial statements at least 21 days before each annual meeting.

Under the Colombian Commercial Code and the Bylaws, during the 15 day period prior to a shareholder meeting, any shareholder has the right to review any document that will be subject to approval at the meeting, and the minute book and other corporate records, except where the officers and directors of the Company determine that such records are privileged, confidential, or that their disclosure would be detrimental to the Company.

Under the Shareholder Meeting Regulations, during the seven days after the issue of a notice of meeting, shareholders may submit in writing to the Corporate Governance and Sustainability Committee questions for clarification of any item of business to be considered at the meeting. The Company is required to respond to such requests and make its response available to all shareholders, unless the Corporate Governance and Sustainability Committee determines that the requests are unreasonable, irrelevant, would require the disclosure of confidential information, or pertains to information that is not contained in information circular, when the request is made by a foreign investor.

### **Shareholder Communications for Reporting Issuers**

In Canada, the CBCA together with provincial securities legislation requires that reporting issuers provide a notice of a general meeting, a form of proxy and an information circular containing prescribed information regarding the matters to be considered at the meeting. NI 51-102 and NI 54-101 apply to

The Colombian Commercial Code allows companies freely to regulate the way in which notices of general shareholder meetings will be sent out.

### **CBCA**

all reporting issuers under Canadian securities laws and set out a scheme pursuant to which reporting issuers are required to communicate with registered and non-registered beneficial shareholders of a reporting issuer.

Upon filing a final prospectus and obtaining a receipt from the applicable Canadian securities regulatory authorities, the Company will become a reporting issuer under applicable Canadian securities laws and will be subject to NI 54-101, including the proxy, shareholder communication, and disclosure requirements thereunder.

### **Appointment of Proxyholder**

Under the CBCA, a shareholder entitled to vote at a meeting of shareholders has the right to appoint one or more alternate proxyholders to attend and act at the meeting on the shareholder's behalf. The proxyholder can be a person or a corporation and is not required to be another shareholder. A person or corporation can be proxyholder for multiple shareholders, even if their votes conflict.

If appointed, a proxyholder must attend the meeting in person, or cause an alternate proxyholder to attend the meeting in respect of which the proxy is given, and comply with the directions of the shareholder who appointed him. Failure to do so is an offence under the CBCA.

Unless an exception applies, management of a corporation must solicit proxies by sending a form of proxy, concurrently with giving notice of the meeting, to each shareholder who is entitled to receive notice of the meeting. Generally, proxies solicited on behalf of management appoint an officer of the corporation to act as proxyholder by default, though shareholders may choose an alternative proxyholder. The directors may specify a cut-off time by which shareholder must deposit proxies to be used at the meeting with the corporation or its agents, however, it cannot be more than 48 hours (excluding Saturdays and holidays) before the meeting.

A proxy can be revoked by the shareholder at any time before it is exercised in any manner permitted by law, including by: (i) attending the meeting; (ii) signing and delivering a new form of proxy within the deadline set in the notice of meeting; or (iii) depositing a written revocation signed by the shareholder (or by the shareholder's personal representative authorized in writing) either at the registered office of the corporation up to and including the last business day before the meeting or with the chairman of the meeting on the day of the meeting.

Shareholders who hold their shares through intermediaries must give instructions to their intermediaries, who must in turn vote or appoint a proxyholder to vote in accordance with the beneficial shareholder's instructions. Intermediaries and their proxies may not vote shares that they do not beneficially own.

### **Causes for Dissolution**

Under the CBCA, a corporation may voluntarily liquidate if it is authorized to do so by a special resolution.

A corporation may apply to the Director under the CBCA for a voluntary dissolution if authorized by special resolution, and: (i) it has no property and no liabilities, or (ii) the shareholders have by special resolution authorized the

### **Colombia**

The Bylaws state that notices of general shareholder meetings must be published in newspapers in Medellín and Bogotá, as well as in the Company's website.

Under Section 184 of the Colombian Commercial Code, a shareholder entitled to vote at a meeting of shareholders has the right to appoint one or more proxyholders to attend and act at the meeting on the shareholder's behalf. The proxyholder can be a person or a corporation and is not required to be another shareholder. Under Colombian law and the Bylaws, a person or corporation can act as proxyholder for multiple shareholders, even if their votes conflict.

Section 185 of the Colombian Commercial Code bars directors, officers, and employees of a company from acting as proxyholders to shareholders during meetings of the shareholders' assembly. Accordingly, the Company's management cannot be compelled to accept any proxies that would require them to participate in shareholder meetings.

A proxy can be revoked by the shareholder at any time in any manner permitted by law, including by: (i) attending the meeting; (ii) signing and delivering a new form of proxy; or (iii) executing a written revocation signed by the shareholder.

The Bylaws provide that to ensure that the holders of Common Shares issued abroad can fully exercise their voting rights as shareholders, the Company will retain the services of a local law firm whose members will be appointed and named in a form of proxy as proxyholders to represent shareholders of the Company during meetings of the General Shareholders Assembly unless such shareholder appoints a proxyholder of its own. These proxyholders retained by the Company shall be required to attend the General Shareholders Assembly to act as the shareholder's nominee to vote at the General Shareholders Assembly on behalf of such shareholder in the manner, to the extent, and with the authority conferred to them by the relevant proxy.

Colombian company law lays out the following causes for dissolution: (i) when a Company cannot continue operating as a going concern, as set out in Law 2069 of 2020; (ii) when 95% or more of the company's shares belong to a single shareholder; (iii) when the term limit set out in the company's bylaws expires, in which case the company is automatically dissolved; (iv) when it becomes impossible to conduct the

## CBCA

directors to cause the corporation to distribute any property and discharge any liabilities, and the corporation has done so.

The Director under the CBCA may dissolve a corporation upon the occurrence of certain events, including if: (i) it has not carried on business for three years, (ii) it is in default for a period of one year in sending to the CBCA Director any fee, notice or document required by the CBCA; (iii) if all of the directors have resigned or have been removed without replacement, (iv) it has failed to hold a shareholder meeting for two or more consecutive years, (v) it has carried on business contrary to restrictions in its articles, (vi) it has failed to provide access to or send corporate and financial records to shareholders and creditors as required by the CBCA, or (vii) has procured a certificate under the CBCA by misrepresentation.

## Electoral Quotient System

Under the Colombian electoral quotient system: (i) at any meeting of the General Shareholders Assembly held for the purpose of electing the directors, each holder of shares is entitled to nominate one or more persons for election; (ii) each nomination of one or more directors constitutes a slate for the purposes of the election; (iii) each slate of nominees must be listed in the order of preference for nominees in that slate to be elected; (iv) once all slates have been nominated, holders of voting shares may cast one vote for each share held in favour of a particular slate of nominees; (v) votes must be cast for an entire slate, and may not be cast for particular nominees forming part of a slate; (vi) the total number of votes casted in the election is divided by the number of directors to be elected; (vii) the resulting quotient is the quota of votes necessary to elect particular directors; (viii) for each time that the number of votes cast for a slate of nominees is divisible by the quota of votes, one nominee from that slate is elected, in the order of the list of that slate; and (ix) when no slate has enough remaining votes to satisfy the quota of votes necessary to elect a director, any remaining board seat or seats are filled by electing the highest remaining nominee from the slate with the highest number of remaining votes cast until all available seats have been filled.

The following table illustrates the function of the electoral quotient system for the election of the directors of a corporation, as required by the Colombian Commercial Code.

Mechanics	Example 1		Example 2		
1. Whenever the General Shareholder Assembly is to vote on the election of directors, shareholders are entitled to propose slates of candidates, comprised of one or more nominees. Each slate must list its candidates in order of preference.	For the election of nine directors, the Company recommends a first slate, and a shareholder proposes a second slate:		For the election of nine directors, the Company recommends a first slate, and shareholders propose two more slates:		
	<b>Slate 1 (Board)</b>	<b>Slate 2 (Shareholder)</b>	<b>Slate 1</b>	<b>Slate 2</b>	<b>Slate 3</b>
	Nominee A	Nominee Z	Nominee A	Nominee Z	Nominee Q
	Nominee B	Nominee Y	Nominee B	Nominee Y	Nominee R
	Nominee C	Nominee X	Nominee C	Nominee X	
	Nominee D	Nominee W	Nominee D	Nominee W	
	Nominee E		Nominee E		
	Nominee F		Nominee F		
	Nominee G		Nominee G		
	Nominee H		Nominee H		

## Colombia

company's business; (v) when the company has fewer than five shareholders; (vi) upon the occurrence of the causes for dissolution stated in the bylaws; (vii) when the shareholders decide to dissolve the company; and (viii) by order of an official authority.

Except for the grounds described in (iii), (vii) and (viii) above, shareholders can avoid dissolution by curing the foregoing causes within the 18 months following their occurrence. If a company is dissolved, it can be reactivated by decision of the general shareholders assembly, following a short process stated in Law 1429 of 2010.

Mechanics	Example 1	Example 2																																				
<p>2. After proposals have been submitted, holders of voting shares may cast their votes in favour of a particular slate of nominees. Votes must be cast for an entire slate and not for individual nominees forming part of a slate.</p>	<p>Votes cast for each slate:</p> <table><tr><th>Slate</th><th>Votes</th></tr><tr><td>Slate 1</td><td>80</td></tr><tr><td>Slate 2</td><td>20</td></tr><tr><td>Total votes</td><td>100</td></tr></table>	Slate	Votes	Slate 1	80	Slate 2	20	Total votes	100	<p>Votes cast for each slate:</p> <table><tr><th>Slate</th><th>Votes</th></tr><tr><td>Slate 1</td><td>95</td></tr><tr><td>Slate 2</td><td>40</td></tr><tr><td>Slate 3</td><td>15</td></tr><tr><td>Total votes</td><td>150</td></tr></table>	Slate	Votes	Slate 1	95	Slate 2	40	Slate 3	15	Total votes	150																		
Slate	Votes																																					
Slate 1	80																																					
Slate 2	20																																					
Total votes	100																																					
Slate	Votes																																					
Slate 1	95																																					
Slate 2	40																																					
Slate 3	15																																					
Total votes	150																																					
<p>3. Once all votes are cast, a “quotient” must be calculated by dividing the total number of votes cast in the election by the number of directors to be elected. This quotient is used to determine the number of votes required to elect individual directors in any given slate.</p>	<p>Quotient calculation:</p> <table><tr><td>(A) Total votes cast</td><td>100</td></tr><tr><td>(B) Number of seats to be elected</td><td>9</td></tr><tr><td>Quotient (A / B)</td><td>11.11</td></tr></table>	(A) Total votes cast	100	(B) Number of seats to be elected	9	Quotient (A / B)	11.11	<p>Quotient calculation:</p> <table><tr><td>(A) Total votes cast</td><td>150</td></tr><tr><td>(B) Number of seats to be elected</td><td>9</td></tr><tr><td>Quotient (A / B)</td><td>16.67</td></tr></table>	(A) Total votes cast	150	(B) Number of seats to be elected	9	Quotient (A / B)	16.67																								
(A) Total votes cast	100																																					
(B) Number of seats to be elected	9																																					
Quotient (A / B)	11.11																																					
(A) Total votes cast	150																																					
(B) Number of seats to be elected	9																																					
Quotient (A / B)	16.67																																					
<p>4. The number of nominees to be elected from each slate shall be determined based on the number of full quotients that the slate received.</p>	<p>Quotient allotment:</p> <table><tr><th>Slate</th><th>Votes</th><th># of Quotients (Q) (Votes / 11.11)</th><th>Remainder</th></tr><tr><td>Slate 1</td><td>80</td><td>7</td><td>2.23</td></tr><tr><td>Slate 2</td><td>20</td><td>1</td><td>8.89</td></tr><tr><td>Total</td><td>100</td><td>8</td><td>11.11 (1Q)</td></tr></table> <p>Because Slate 1 received 80 votes amounting to 7 full quotients (80 votes divided by the quotient equals 7 whole quotients of 11.11 votes each, and a remainder of 2.23 votes), the first seven nominees in the slate are elected.</p> <p>Since Slate 2 received votes amounting to 1 full quotient (20 votes divided by the quotient equals 1 whole quotient of 11.11 votes, and a remainder of 8.89 votes), the first nominee in the slate is elected.</p>	Slate	Votes	# of Quotients (Q) (Votes / 11.11)	Remainder	Slate 1	80	7	2.23	Slate 2	20	1	8.89	Total	100	8	11.11 (1Q)	<p>Quotient allotment:</p> <table><tr><th>Slate</th><th>Votes</th><th># of Quotients (Q) (Votes / 16.67)</th><th>Remainder</th></tr><tr><td>Slate 1</td><td>95</td><td>5</td><td>11.67</td></tr><tr><td>Slate 2</td><td>40</td><td>2</td><td>6.67</td></tr><tr><td>Slate 3</td><td>15</td><td>0</td><td>15</td></tr><tr><td>Total</td><td>100</td><td>7</td><td>33.34 (2Q)</td></tr></table> <p>Because Slate 1 received votes amounting to 5 full quotients (95 votes divided by the quotient equals 5 whole quotients of 16.67 votes each, and a remainder of 11.67 votes), the first five nominees in the slate are elected.</p> <p>Since Slate 2 received votes amounting to 2 full quotients (40 votes divided by the quotient equals 2 whole quotients of 16.67 votes each, and a remainder of 6.67 votes), the first two nominees in the slate are elected.</p> <p>Slate 3 did not receive votes amounting to 1 full quotient. Accordingly, no nominees are elected from the slate on the first round, and it has a remainder of 15 votes.</p>	Slate	Votes	# of Quotients (Q) (Votes / 16.67)	Remainder	Slate 1	95	5	11.67	Slate 2	40	2	6.67	Slate 3	15	0	15	Total	100	7	33.34 (2Q)
Slate	Votes	# of Quotients (Q) (Votes / 11.11)	Remainder																																			
Slate 1	80	7	2.23																																			
Slate 2	20	1	8.89																																			
Total	100	8	11.11 (1Q)																																			
Slate	Votes	# of Quotients (Q) (Votes / 16.67)	Remainder																																			
Slate 1	95	5	11.67																																			
Slate 2	40	2	6.67																																			
Slate 3	15	0	15																																			
Total	100	7	33.34 (2Q)																																			

Mechanics	Example 1	Example 2																																								
5. Any remaining board seats shall be filled by candidates from the slates with the highest remainder of votes.	<p>Since only eight directors were elected by quotients, the remaining seat shall be allotted to the slate with the highest remainder (8.89).</p> <p>In this example, Nominee Y, from Slate 2, will occupy the ninth seat in the board.</p> <p>The Board will therefore be composed of the following nominees:</p> <table><tr><th colspan="10">Elected Nominees</th></tr><tr><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td><td>F</td><td>G</td><td>Z</td><td>Y</td><td></td></tr></table>	Elected Nominees										A	B	C	D	E	F	G	Z	Y		<p>Since only seven directors were elected by quotients, the remaining two seats shall be allotted to the slates with the highest remainders. The first of those seats shall be filled Nominee Q, from Slate 3 (remainder = 15). The second seat shall be filled by Nominee F, from Slate 1 (remainder = 11.67).</p> <p>The Board will therefore be composed of the following nominees:</p> <table><tr><th colspan="10">Elected Nominees</th></tr><tr><td>A</td><td>B</td><td>C</td><td>D</td><td>E</td><td>Z</td><td>Y</td><td>Q</td><td>F</td><td></td></tr></table>	Elected Nominees										A	B	C	D	E	Z	Y	Q	F	
Elected Nominees																																										
A	B	C	D	E	F	G	Z	Y																																		
Elected Nominees																																										
A	B	C	D	E	Z	Y	Q	F																																		

### **Certain Colombian Regulatory Considerations**

#### **Colombian Exchange Controls and Limitations**

Colombia's foreign investment statute regulates the manner in which non-Colombian residents are permitted to invest in Colombia and participate in the Colombian securities market. Among other requirements, Colombian law requires non-Colombian residents to register certain foreign exchange transactions with the Colombian Central Bank and obtain authorization for certain types of investments. Certain foreign exchange transactions, including those between Colombian residents and non-Colombian residents, must be made through authorized foreign exchange intermediaries.

Therefore, any foreign currency income or expense under the Common Shares must be completed through the appropriate channels of the foreign exchange market.

Transactions conducted through the foreign exchange market are made at market rates freely negotiated with authorized foreign exchange intermediaries (local banks, financial corporations, administrators and others). Since September 25, 1999, the Colombian foreign exchange regime is structured under the system of free flotation of the exchange rate, whereby market forces determine the level of exchange rate from time to time.

Foreign portfolio investments (i.e. investments in shares and values registered in the National Securities and Issuers Registry, RNVE) must be made through authorized foreign exchange investment management companies. Only brokerage firms, trust companies and investment management companies, subject to the inspection and supervision of the Colombian Superintendence of Finance, are allowed to make investments in the local Colombian market on behalf of foreign investors. Such brokerage firms, trust companies and investment management companies also act as the foreign investors' local representatives for tax and foreign exchange purposes. Foreign investors can also register as direct investments in Colombian corporations, the acquisition of shares registered in the RNVE, purchased by the investor with intention to maintain the investment for a long period of time.

The Colombian government does not currently restrict the ability of Colombian persons or entities to convert pesos to dollars. However, Colombian law permits the government to impose foreign exchange controls on dividend payments and remittances of interest and principal in the event that the foreign currency reserves of the Central Bank fall below a level equal to the value of three months of imports into Colombia. Colombian law also allows the imposition of a deposit requirement with the Central Bank in connection with any foreign exchange transaction that may increase the cost of foreign exchange transactions or limit the amount of such transactions for a particular time. No such foreign exchange controls are currently applicable. Nevertheless, such restrictions may be imposed in the future, and any such restrictions could prevent, restrict or increase the price of our access to U.S. dollars, which we need to pay our foreign currency-denominated obligations. There can be no assurance that the Central Bank of Colombia will not intervene in the future to impose restrictions to the free convertibility system currently applicable in Colombia. See "*Risk Factors – Our shareholders may be subject to restrictions on foreign investment in Colombia*".

## Registration of Foreign Investments

The International Investment Statute issued by the Colombian Government and the Foreign Exchange Regime issued by the Colombian Central Bank, including relevant forms and instructions to formalize foreign investments, which have been amended from time to time through related Decrees and Resolutions, govern the manner in which non-Colombian resident entities and individuals can invest in Colombia and participate in the Colombian securities markets. Among other requirements, the International Investment Statute and the Foreign Exchange Regime mandate registration of foreign investment transactions with the Colombian Central Bank and specify procedures to authorize and administer such foreign investment transactions, and assure the foreign exchange rights which include the capital and profits repatriation and remittance rights. Additionally, any modification in the status or owner of the foreign investment registration must be updated in a timely manner before the Colombian Central Bank.

The foreign investment payable in foreign currency, can be transferred with an intermediary of the foreign exchange market in Colombia (i.e. local banks among other financial entities) or using a bank account opened by the issuer entity abroad and registered as a compensation account before the Colombian Central Bank. Even though there is not an express authorization, we understand that foreign investments proceedings may be completed and performed by a foreign agent acting on behalf of different foreign investors abroad of Colombia, ensuring the repatriation rights.

Pursuant to the International Investment Statute and the Foreign Exchange Regime, the failure of a foreign investor to report or register with the Colombian Central Bank foreign exchange transactions relating to investments in Colombia on a timely basis may (i) prevent the investor from obtaining remittance payments, including for the payment of dividends, (ii) constitute an exchange control infraction and (iii) result in a fine.

As per the current Colombia International Investment Statute, the acquisition of shares and securities registered within the RNVE made by non-residents qualifies as Portfolio investments. In this case, the shares and securities can be issued by a Colombian or a foreign entity.

Foreign investors can also register as direct investments in Colombian corporations the acquisition of shares registered in the RNVE, provided that such purchase has been made with the intention of making an investment and maintaining it for a long period of time.

As per the current regulations, the acquisition of shares issued by a Colombian entity, registered and traded on a foreign stock exchange, made by a non-resident of Colombia, does not have a specific categorization, and would be considered as a financial investment made outside of Colombia.

### ***Registration of the Common Shares issued to non-Colombian residents***

Shareholders who acquire Common Shares outside of Colombia, will be considered to be making a "foreign investment" in a company incorporated under the laws of Colombia. Transactions involving foreign investments in a Colombian company are regulated and, accordingly, it will be necessary to comply with applicable Colombian Foreign Exchange regulations. According to such regulations, in particular section (d) of article 7.1.2. of DCIP-83 issued by the Colombian Central Bank, a Colombian trustee shall act as representative of the non-Colombian shareholders.

Mineros has entered into an administration and payment trust agreement dated October 20, 2021 ("**Trust Agreement**") with Fiduciaria Davivienda S.A., a Colombian *sociedad fiduciaria* (the "**Trustee**") in order to (i) open and administer an account (ii) receive into an account administered by the Trustee all of the proceeds for the Common Shares in connection with sales made outside of Colombia, (iii) register with the Colombian Central Bank the foreign portfolio investment in Mineros represented thereby in accordance with the prior written instructions given by the Company, (iv) to return the funds to the Company referred to in numeral (ii) above, upon prior written instructions from the Company, (v) to perform, in accordance with the instructions received from the Company, the foreign exchange operations that may be required for the performance of the Trust Agreement, (vi) update the Colombian Central Bank with any information required under the foreign exchange requirements with respect to the foreign investment in Colombia, (vii) as and when required, process dividend payments related to the Common Shares placed outside of Colombia; (viii) complete similar processes for subsequent offerings, (ix) updating



records due to movement of Common Shares from Deceval to TSX Trust, or TSX Trust to Deceval, and (x) processing other cash distributions (i.e. on dissolution). The Trust Agreement has been executed by Mineros, as sole settlor and the Trustee. Mineros as settlor, is the sole beneficiary under the Trust Agreement, since it is a mandate to administer a portfolio of investments and payments (*encargo fiduciario de administración y pago*), under which the Trustee will execute the instructions and orders given by Mineros at any given time regarding the aforementioned purposes. During the term of the Trust Agreement, the Trustee is paid a fixed monthly fee of COP\$5,000,000 plus taxes. All costs relating to the Trust Agreement or incurred in connection with the performance of the Trustee's duties will be borne by the Company.

With respect to the foreign investment registration with the Colombian Central Bank, the Trustee has registered the foreign investment represented by the Company's issue of Common Shares outside of Colombia pursuant to the Canadian IPO with the Colombian Central Bank. The Trustee will report on behalf of holders of Common Shares registered with a Canadian transfer agent, from time to time, in accordance with applicable Colombian law relating to registration of foreign investments and, in particular, Decree 1068 of 2015. This reporting by the Trustee will not create any liability for or generate any obligation on the part of holders of Common Shares registered with a Canadian transfer agent from time to time.

The Trustee will also be responsible for registering any change in the number of the Common Shares registered outside of Colombia with the Colombian Central Bank using the "Statistical Registry of Foreign Portfolio Investments in Colombia" (*"Reporte Estadístico de Inversiones de Capital del Exterior de Portafolio en Colombia"* – IPEXT) based on information to be provided to the Trustee by the Company. In order for the Trustee to be able to comply with the requirement to register any change in the registered holders of Common Shares with the Colombian Central Bank, Mineros will be required to (and will) share information in respect of registered holders of Common Shares with the Trustee. The Trustee will in turn share this information with the Colombian Central Bank.

With respect to the payment of dividends, Mineros will transfer to the compensation (off-shore) account of the Company, which will be administered by the Trustee, the aggregate amount (minus any applicable withholding taxes) of any dividends declared by the Company. The Trustee will then transfer to TSX Trust, or as otherwise directed, such aggregate amount to be paid in respect of the Common Shares held outside of Colombia. In order to comply with Colombian foreign exchange regulations, the Trustee will be required to inform the Colombian Central Bank that funds were paid as dividends.

Pursuant to the terms of the Trust Agreement, the Company has an ongoing obligation to provide certain information to the Trustee relating to the Company, sales of securities of the Company, the payment of dividends and other changes to the portfolio investment, among other things. The Trustee is required to deliver periodic reports to the Company relating to its obligations under the Trust Agreement and to account for transactions completed on behalf of the Company.

Pursuant to the terms of the Trust Agreement, the Company will indemnify the Trustee for any loss suffered by the Trustee in performing its obligations under the Trust Agreement, including with respect to, among other things, any taxes, withholdings and applicable interest. In addition, pursuant to the terms of the Trust Agreement, the Company will indemnify the Trustee for any claims by non-Colombian shareholders, and will manage the resolution and settlement of any such claims.

Mineros and/or the Trustee may, from time to time, be required to provide information in respect of registered holders of Common Shares to the Colombian Central Bank.

As a result of the creation of the Trust structure as set out above, purchasers of Common Shares through the TSX will not need to register individually with the Colombian Central Bank.

Non-Colombian shareholders may transfer any Common Shares held by them to the Colombian Exchange for trading in Colombia, however, in order to make such transfer, the respective shareholder will be required to comply with any applicable Colombian laws in connection with such transfer, including, without limitation being required to register with the Colombian Central Bank.

The Trust Agreement has an indefinite term and will continue in force until the earlier of: (i) Mineros ceasing to be a reporting issuer in all applicable jurisdictions in Canada, and (ii) the Trust Agreement being terminated following any of the following termination events: (a) due to a judicial or administrative order, (b) the failure of the Company to provide sufficient funds to satisfy the purposes of the Trust Agreement or the Trustee's fees and expenses in each case subject to prior notice of default and expiry of applicable cure periods, (c) the occurrence of the events for the termination of the trust, as contemplated in article 1240 of the Colombian Code of Commerce, which by their nature and conditions are applicable, except for paragraphs 6 and 11 thereof, (d) the failure of the Company to provide information requested by the Trustee following notice and expiry of applicable cure periods, and (e) by decision of the Trustee upon the inclusion of the Company, any of its legal representatives or attorneys-in-fact, or any of its partners or managers, in a list equal to or similar to that of the OFAC list, including this list, or in any other national or international list in which the information of the people who have been condemned by national or international authorities, or linked directly or indirectly with unlawful activities such as drug trafficking, terrorism, money laundering, extortion kidnapping and human trafficking, among others, are published. The Trust Agreement includes a provision under which the Trustee and the Company may not unilaterally terminate the Trust Agreement while the Common Shares are listed and posted for trading on the TSX, except for the termination events described above.

### **Trading on the Toronto Stock Exchange and the Colombian Exchange**

The Common Shares that are held in Colombia through Deceval for trading on the Colombian Exchange can be traded over the facilities of the TSX if a holder of such Common Shares follows the specific procedures required to move the Common Shares held through Deceval to the records maintained by TSX Trust. Such procedures would require the holder of Common Shares held through Deceval to open an account with a TSX member brokerage firm that can facilitate trades through the TSX. Upon the successful opening of an account, which would be subject to mandated compliance requirements including know-your-client procedures, the TSX member brokerage firm, the Colombian brokerage firm, Deceval and TSX Trust would coordinate the movement of the Common Shares from the records maintained by Deceval to the records maintained by TSX Trust.

The Common Shares that are held outside of Colombia in accordance with the Canadian system whether in registered form on the register maintained in Canada by TSX Trust or held beneficially through an intermediary can be traded over the facilities of the Colombian Exchange if a holder of such Common Shares follows the specific procedures required to move such Common Shares out of the Canadian system and into the Colombian system maintained by Deceval. Such procedures would require the holder of Common Shares held outside of the Colombian system to open an account with a Colombian broker that can facilitate trades through the Colombian Exchange. Upon the successful opening of an account, which would be subject to mandated compliance requirements including know-your-client procedures, the Colombian broker, the TSX member brokerage firm, Deceval and TSX Trust would coordinate the movement of the Common Shares from the Canadian system to the Colombian system maintained by Deceval.

For further information see "*Registration of the Common Shares issued to non-Colombian residents*".

### **MARKET FOR SECURITIES**

The Common Shares are currently listed for trading on the Toronto Stock Exchange under the symbol "MSA" and on the Colombian Exchange under the symbol "MINEROS:CB".

The following tables set forth, for the periods indicated, the marketplace, reported high and low trading prices (in the currencies in which such securities were listed and posted for trading) and the volume traded on the relevant exchange.

2022	Colombian Exchange			TSX		
	High (COP\$)	Low (COP\$)	Volume	High (C\$)	Low (C\$)	Volume
January .....	3,860	3,565	2,590,905	1.14	1.05	206,823
February .....	3,727	3,500	5,230,440	1.12	1.05	738,481
March .....	3,580	3,365	3,089,964	1.19	1.06	524,084
April .....	3,442	3,215	2,242,647	1.18	1.02	614,177
May .....	3,120	2,667	3,587,969	1.07	0.86	759,595
June .....	3,149	2,360	4,975,250	1.09	0.79	280,600
July .....	2,480	2,010	2,701,629	0.86	0.65	232,777
August .....	2,155	1,820	2,989,030	0.99	0.72	137,000
September .....	1,970	1,795	998,636	1.07	0.84	708,858
October .....	1,825	1,660	1,179,998	1.09	0.74	111,264
November .....	1,970	1,640	1,652,829	0.85	0.66	310,070
December .....	1,700	1,850	931,024	0.80	0.66	297,695

## DIRECTORS AND OFFICERS

The following table sets forth the name of each director and executive officer of the Company as at the date of this AIF, their province or state and country of residence, their position(s) and office(s) held with the Company, their principal occupation(s) during the preceding five years, and the date they became a director of the Company, if applicable. The directors are elected for a term of one year, or until their successors are elected. Under Colombian law, all directors must comply with the duties of care, diligence, confidentiality, fairness, loyalty, a duty not to engage in corporate opportunities, and a duty to declare and avoid conflicts of interest. Only officers that hold the title of “legal representative” are subject to these same duties. The table below identifies the officers that hold the title of “legal representative” at the time of this AIF.

Name and Residence	Position(s) with Mineros	Principal Occupation(s) During Past Five Years
Andrés Restrepo Isaza <i>Medellín, Colombia</i>	President and Chief Executive Officer <i>Legal Representative</i>	President and Chief Executive Officer, Mineros.
Alan Wancier Rode <i>Medellín, Colombia</i>	Chief Financial Officer <i>Legal Representative</i>	Chief Financial Officer, Mineros (2019 to present); Vice President, Finance, Hemco Nicaragua S.A. (a subsidiary of Mineros) (2014 to 2019).
Ana Isabel Gaviria <i>Medellín, Colombia</i>	Vice President, Legal and Sustainability	Vice President, Legal and Sustainability (2022 to present); Corporate Secretary (2018 to 2022) and General Counsel, Mineros (April 2016 to present).
Ana Maria Rios <i>Medellín, Colombia</i>	Vice President, Business Development	Vice President, Business Development, Mineros (2022 to present); Finance Manager (2019 - 2022); Financial Director (2013-2019)
Luis Fernando Villa Tabares <i>Managua, Nicaragua</i>	Vice President, Nicaragua	Vice President, Nicaragua (October 2022 to present); Vice President, Supply Chain, Mineros Aluvial (2018 - October 2022).
Santiago Cardona Múnera <i>Medellín, Colombia</i>	Vice President, Colombia	Vice President, Colombia (2018 to present) and Vice President, Supply Chain and Projects (2014 to 2018).
John Jairo Cuervo Muñoz <i>San Juan, Argentina</i>	Vice President, Argentina	Vice President, Argentina, Mineros (2020 to present), Vice President Operations, Hemco Nicaragua S.A. (a subsidiary of Mineros) (2016 to 2020).
Eduardo Pacheco Cortés <i>Bogotá, Colombia</i>	Chairman and Director (since March 18, 2005)	Chief Executive Officer and director, Mercantil Colpatría S.A.
	Committee memberships:	
	<ul style="list-style-type: none"> <li>Corporate Governance and Sustainability Committee</li> </ul>	

<b>Name and Residence</b>	<b>Position(s) with Mineros</b>	<b>Principal Occupation(s) During Past Five Years</b>
Alberto Mejía Hernández <i>Florida, United States</i>	Director and Vice-Chairman (since March 16, 1995)  Committee memberships: <ul style="list-style-type: none"> <li>Business Opportunities and Optimization Committee</li> </ul>	President, GH Capital Management.
Nicolás Durán Martínez <i>Bogotá, Colombia</i>	Director (since July 31, 2002)	Vice President, Mercantil Colpatría S.A.
José Fernando Llano Escandón <i>Bogotá, Colombia</i>	Director (since March 18, 2009)  Committee memberships: <ul style="list-style-type: none"> <li>Executive Compensation Committee</li> <li>Business Opportunities and Optimization Committee</li> </ul>	CEO Mercantil Colpatría (2022 to present) President of Private Equity and Infrastructure, Mercantil Colpatría S.A. (2010 to 2022).
Juan Carlos Páez Ayala <i>Bogotá, Colombia</i>	Director (since March 22, 2017)  Committee memberships: <ul style="list-style-type: none"> <li>Audit and Risk Committee</li> <li>Executive Compensation Committee</li> </ul>	Executive Vice President, Corporación Financiera Colombiana S.A.
Dieter W. Jentsch <i>Ontario, Canada</i>	Director (since April 3, 2020)  Committee memberships: <ul style="list-style-type: none"> <li>Audit and Risk Committee</li> <li>Business Opportunities and Optimization Committee</li> </ul>	Independent Advisor (2018 to present); Group Head, Global Banking and Markets (2016 to 2018), Bank of Nova Scotia.
Mónica Jiménez González <i>Bogotá, Colombia</i>	Director (since April 3, 2020)  Committee memberships: <ul style="list-style-type: none"> <li>Corporate Governance and Sustainability Committee</li> </ul>	Chief Strategy, Sustainability and Legal Officer, GeoPark Limited (2022 to present); Secretary General, Ecopetrol S.A. (2016 to 2022).
Sergio Restrepo Isaza <i>Medellín, Colombia</i>	Director (since April 3, 2020)  Committee memberships: <ul style="list-style-type: none"> <li>Audit and Risk Committee</li> </ul>	Partner, Exponencial Banca de Inversión S.A.S. (2016 to present).
Lucía Taborda <i>Santa Marta, Colombia</i>	Director (Since March 31, 2022)  Committee memberships: <ul style="list-style-type: none"> <li>Business Opportunities and Optimization Committee</li> </ul>	General Manager, Controller, Financial Analyst and Treasurer, CI Técnicas Baltime de Colombia S.A.; Administrative and Financial Manager, America Flor Ltda.; Director, Santa Marta Regional Port Society (2016 to Present); Director, Mineros (2014 to 2018).

### **Shareholdings of Directors and Officers**

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned or controlled or directed, directly or indirectly, 2,983,569 Common Shares representing approximately 1.0% of the issued and outstanding Common Shares.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Except as set out below, none of the Company's directors or executive officers is, at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company) that (i) was subject to an Order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company, or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

On August 19, 2020, The Bank of Nova Scotia announced that it had entered into a deferred prosecution agreement ("**DPA**") with the U.S. Department of Justice (the "**DOJ**"). Additionally, the U.S. Commodity Futures Trading Commission (the "**CFTC**") issued three separate orders against The Bank of Nova Scotia (collectively, the "**CFTC Orders**"). The DPA and the CFTC Orders resolved investigations by the DOJ and CFTC into The Bank of Nova Scotia's activities and trading practices in the metals markets and related conduct as well as pre-trade mid-market marks and related swap dealer compliance issues. Mr. Jentsch was a senior executive officer, and Mr. Pacheco was a director of The Bank of Nova Scotia during the time period during which such activities, trading practices and related conduct occurred. Mr. Jentsch and Mr. Pacheco were not personally sanctioned as part of these proceedings, and neither of them was a subject of these investigations.

None of the Company's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Company (i) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or shareholder.

None of the Company's directors or executive officers, nor, to its knowledge, any shareholder holding a sufficient number of its securities to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

To the best of the Company's knowledge, there are no existing or potential material conflicts of interest between the Company or any subsidiary of the Company and any of their respective directors or officers as of the date of this AIF. However, certain of the Company's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with the Company's business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or generally acting on the Company's behalf. See also "*Risk Factors – Risks Related to Our Business and Industry – The directors and officers may have conflicts of interest with the Company*".

For information regarding the management of conflicts of interest between the Company and its directors and officers under Colombian Regulations, the Bylaws, and the Code of Ethics, see "*Description of Share Capital – Material Differences Between Corporate Law and Shareholder Rights in Canada and Colombia – Conflicts of Interest*".

## **AUDIT AND RISK COMMITTEE INFORMATION**

Our Audit and Risk Committee's primary duties and responsibilities include: (i) reviewing and reporting to the Board on the annual audited financial statements (including the auditor's report thereon) and unaudited interim financial

statements and related management's discussion and analysis, if any, and other financial disclosure related thereto that may be required to be reviewed by the Audit and Risk Committee pursuant to applicable legal and regulatory requirements; (ii) reviewing material changes in accounting policies and significant changes in accounting practices and their impact on the financial statements; (iii) overseeing the audit function, including engaging in required discussions with the Company's external auditor and reviewing the annual audit plan, overseeing the independence of the Company's external auditor, overseeing the Company's internal auditor, and pre-approving any non-audit services to be provided to the Company or its affiliates; (iv) making recommendations to the Board regarding the selection, appointment, compensation, re-election, and termination of the person responsible for the Company's internal audit functions; (v) reviewing and reporting to the Board with respect to the integrity and effectiveness of the internal controls over financial reporting and disclosure, and anti-money laundering and anti-terrorist financing compliance; (vi) reviewing management reports related to legal or compliance matters that may have a material impact on the Company and the effectiveness of the Company's compliance policies; (vii) establishing whistleblowing procedures and investigating any complaints or concerns it deems necessary; (viii) establishing risk management policies and procedures, and ensuring that they align with the Company's strategic goals; (ix) reviewing and reporting to the Board with respect to the integrity and effectiveness of the Company's risk management policies and procedures; and (x) report annually to the General Shareholders Assembly on matters within the Audit and Risk Committee's mandate.

#### **Audit and Risk Committee Charter**

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**") governs composition and function of audit committees for every TSX listed company, including the Company. NI 52-110 requires the Company to have a written audit committee charter and to make the disclosure required by Form 52-110F1, which includes disclosure of the text of the audit committee charter in the management information circular of the Company wherein management solicits proxies from the security holders of the Company for the purpose of electing directors to the Board.

The full text of the Audit and Risk Committee Charter is attached to this AIF as Appendix 2.

#### **Composition of the Audit and Risk Committee**

The members of the Audit and Risk Committee are Dieter W. Jentsch (Chair), Sergio Restrepo Isaza, and Juan Carlos Páez Ayala, all of whom are independent directors within the meaning of each of the applicable laws of Colombia and the applicable laws of Canada, and all of whom are financially literate, in each case within the meaning of NI 52-110.

#### **Relevant Education and Experience**

Each of the members of the Audit and Risk Committee has extensive education and experience relevant to the performance of their responsibilities as members of the Audit and Risk Committee.

##### **Dieter W. Jentsch, Director**

Mr. Jentsch is a former Bank of Nova Scotia executive with extensive strategic, operational, M&A and capital markets experience. During his 35-year tenure at the Bank of Nova Scotia, Mr. Jentsch held a variety of senior positions. He most recently served as Group Head, Global Banking and Markets, where he oversaw the bank's corporate and investment banking, capital markets and transaction banking businesses worldwide. Previously, Mr. Jentsch was also Group Head of International Banking where he managed operations in 43 countries across Asia, South America and the Caribbean. He holds a BSc in Agriculture, an MBA degree, and a diploma from the Advanced Management Programme at INSEAD (European Institute of Business). He is also a Fellow of the Institute of Canadian Bankers, and holds a diploma from the Directors Education Program of the Institute of Corporate Directors from the University of Toronto, Rotman School of Business.

##### **Juan Carlos Páez Ayala, Director**

Mr. Páez is a civil engineer with over 28 years of experience in the financial sector. He is currently the Executive Vice President of Corporación Financiera Colombiana S.A. (Corficolombiana S.A.), a diversified financial

institution, and a director of a number of its subsidiaries. Previously, he held senior executive positions at several financial institutions and banks, including as Vice President, Treasury and International Operations of Banco de Bogota S.A., and Vice President, Finance at Banco de Credito y Desarrollo Social Megabanco S.A. Mr. Páez holds a BS (Civil Engineering), a Finance Specialist degree, and an MBA from Universidad de Los Andes.

### **Sergio Restrepo Isaza, Director**

Mr. Restrepo served in the Bancolombia S.A. Group as Vice President for Capital Markets and Executive Vice President for Corporate Development. He initiated his professional career at Corporación Financiera Nacional y Suramericana S.A. (Corfinsura), where he held the positions of President, Vice President, Investment Banking and Vice President, Investments and International. He also served in several boards of directors including Cementos Argos S.A., Compañía Nacional de Chocolates S.A.S., Corporación de la Ingeniería Naval Mecánica Viguera SLU (Conavi), Asociación Bancaria y de Entidades Financieras de Colombia (Asobancaria), Bolsa de Valores de Colombia, Conglomerado Financiero Internacional Banagrícola S.A., Suramericana Asset Management SUAM and several others in the community sector. He has extensive experience in the areas of audit and risk, and during his time in the financial sector, he was a member of the finance and audit committees of the boards of directors at different companies where he took an active role in the analysis of financial statements and was in charge of the investor relations of many of these companies. He is currently a partner at Exponencial Banca de Inversión S.A.S., a member and Chair of the board of directors of Servicios Grupo Bios S.A.S., and a member of the board of directors of Ecopetrol S.A., and Odinsa S.A. Mr. Restrepo holds a degree in Business Administration from Universidad EAFIT in Medellín, and a MSc (Management) from Stanford Graduate School of Business, Stanford University.

### **Pre-Approval Policies and Procedures**

The internal regulations of the Audit and Risk Committee require the Audit and Risk Committee to pre-approve the provision of any non-audit services by the Company's external auditors to the Company or its affiliates in accordance with applicable legal and regulatory requirements and policies and procedures of the Board. The Audit and Risk Committee is permitted to delegate pre-approval authority to one of its members; however, the decision of any member of the Audit and Risk Committee to whom such authority has been delegated must be presented to the full Audit and Risk Committee at its next scheduled meeting.

### **External Auditor Service Fees**

The following table sets forth, by category, the fees for all services rendered by the Company's auditors, Deloitte Colombia and its affiliates, for the fiscal years ended December 31, 2022 and 2021.

<b>For the Period and Fiscal Year Ended</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees (\$)</b>	<b>Total (\$)</b>
December 31, 2022.....	278,170	-	11,666	-	289,936
December 31, 2021.....	382,687	-	14,939	-	397,626

**Notes:**

(1) Refers to the aggregate fees billed for audit fees.

(2) Refers to transaction due diligence fees related to services that are traditionally performed by the auditor.

(3) Refers to the aggregate fees billed for transfer pricing studies.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

To the Company's knowledge, there are no civil or commercial legal proceedings or regulatory actions material to the Company to which it is a party, or has been a party to, or of which any of its property is the subject matter of, or was the subject matter of, since the beginning of the fiscal year ended December 31, 2022, and no such proceedings or actions are known by the Company to be contemplated.

### **Regulatory Actions**

There have been no civil or commercial penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this AIF which has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

### **TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar for the Common Shares registered outside of Colombia is TSX Trust Company, at its principal office in Toronto, Ontario. The transfer agent and registrar for the Common Shares registered in Colombia is Deceval, at its principal office in Bogotá, Colombia.

### **MATERIAL CONTRACTS**

Except for material contracts entered into in the ordinary course of business, there are no material contracts to which the Company or any of its subsidiaries are a party entered into prior to or since the date of incorporation of the Company and which still remain in effect and material to the Company.

### **INTERESTS OF EXPERTS**

The following are the experts who are named as having prepared or certified a report, valuation, statement or opinion described or included in a filing, or referred to in any of our filings made under National Instrument 51-102 during, or relating to, our most recently completed financial year.

#### **Auditors**

Deloitte Colombia, the auditors of the Company, has advised the Company that it is independent of the Company within the meaning of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code).

#### **Other Experts**

The Nechí Technical Report was prepared by or under the supervision of Luke Evans, M.Sc., P.Eng., Richard E. Routledge, M.Sc. (Applied), P.Geo., Ian Weir, P.Eng., Holger Krutzelmann, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc.

The Hemco Technical Report was prepared by Sean Horan, P.Geo., Varun Bhundhoo, Ing., R. Dennis Bergen, P.Eng., Brenna J.Y. Scholey P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc.

The technical report in respect of the Gualcamayo Property entitled "Technical Report on the Gualcamayo Property, San Juan and La Rioja Provinces, Argentina", dated September 15, 2021, with an effective date of June 30, 2021, was prepared by or under the supervision of Sean Horan, P.Geo., Martin Orozco, P.Geo., Ariel M. Testi, MBA, CPG, Varun Bhundhoo, Ing., Andrew P. Hampton, M.Sc., P.Eng., and Jason J. Cox, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc.

Sean Horan, P.Geo., Principal Geologist, SLR, and Jorge Aceituno, Registered Member Chilean Mining Commission, and Planning Manager, Resources and Reserves for Mineros, have prepared, or reviewed and approved, certain sections of this AIF that are of a scientific or technical nature.



Each of the foregoing individuals is a qualified person. To the Company's knowledge, after reasonable inquiry, each of the foregoing individuals, at the time they prepared a report, statement, valuation, or opinion described or included in a filing made by the Company under NI 51-102 during or relating to the Company's most recently completed fiscal year, beneficially owned, directly or indirectly, less than 1% of the Common Shares, and none of them are currently, or are expected to be elected, appointed, or employed as a director, officer, or employee of the Company or any of its associates or affiliates, except for Mr. Aceituno, an employee of Mineros.

#### **ADDITIONAL INFORMATION**

Additional information relating to Mineros may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information is also provided in the Company's financial statements and MD&A for its most recently completed fiscal year.

## APPENDIX 1 GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

“**AIM**” means collectively, the Amelia Inés and Magdalena open pit deposits that form part of the Gualcamayo Mine.

“**AISC**” means all-in sustaining cost per ounce of gold sold.

“**AML Policy**” means the Anti-Money Laundering and Anti-Terrorist Financing Policy of the Company.

“**ANLA**” means the National Authority of Environmental Licenses (*Autoridad Nacional de Licencias Ambientales*) of Colombia.

“**Anti-Corruption Policy**” means the Corporate Policy on Anti-Bribery and Anti-Corruption of the Company.

“**Audit and Risk Committee**” means the Audit and Risk Committee of the Board.

“**Audit and Risk Committee Charter**” means the charter of the Audit and Risk Committee, which is attached to this AIF as Appendix 2.

“**BISA**” means BISA Ingenieria de Proyectos S.A.

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

“**Board Regulations**” means the Company’s internal regulations of the Board of Directors, approved by the Board on February 24, 2021.

“**Business Opportunities and Optimization Committee**” means the Business Opportunities and Optimization Committee of the Board.

“**Bylaws**” means the amended bylaws of the Company, as most recently approved at a meeting of the General Shareholders Assembly on April 16, 2021.

“**Canadian IPO**” means the public offering through the Canadian market of 22,222,223 Common Shares through Scotia Capital Inc., and Sprott Capital Partners LP as co-lead underwriters, for gross proceeds of approximately US\$20 million, completed on November 18, 2021.

“**Canadian IPO Underwriting Agreement**” means the underwriting agreement dated November 19, 2021, between the Company, Scotia Capital Inc., and Sprott Capital Partners LP.

“**Caribe Exploration Target**” means the gold exploration target located on the Hemco Property, approximately 42 km southeast of the Panama Mine, and 26 km southeast of the Luna Roja Deposit, owned by Hemco and subject to the Royal Road Nicaragua Alliance Agreement.

“**CIM Council**” means the council of the Canadian Institute of Mining, Metallurgy and Petroleum.

“**CIM Definition Standards**” means the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014, which are incorporated by reference in NI 43-101.

“**Code of Ethics**” means the Code of Ethics (*Código de Etica*) of the Company.

“**Colombian Concurrent Offering**” means the public offering in Colombia of 12,777,777 Common Shares through Corredores Davivienda S.A. as underwriter, for gross proceeds of approximately US\$11.5 million completed on November 18, 2021.

**“Colombian Exchange”** means the Colombia Stock Exchange (*Bolsa de Valores de Colombia*).

**“Colombian Regulations”** refers to the primary Colombian corporate and securities regulations that govern the corporate affairs of the Company as a publicly listed entity in Colombia, being the Colombian Commercial Code and the Colombian securities regime.

**“Colombian Superintendence of Finance”** means the Superintendence of Finance of Colombia (*Superintendencia Financiera de Colombia*).

**“Common Shares”** means the common shares in the capital of Mineros as currently constituted.

**“Condor”** means the Condor operating open pit mine that forms part of the Gualcamayo Mine.

**“Corporate Governance and Sustainability Committee”** means the Corporate Governance and Sustainability Committee of the Board.

**“Deceval”** means Depósito Centralizado de Valores de Colombia Deceval S.A., being the Colombian depository and registrar and transfer agent of the Company for the Common Shares listed on the Colombian Exchange.

**“Deep Carbonates Project”** or **“DCP”** refers to undeveloped Mineral Resources below the existing oxide gold mineralization at the Gualcamayo Mine comprising the Rodado deposit, being the most important deposit, and other small mixed oxide-sulphide deposits such as the Santiago deposit, the Santiago Satellite deposit and the Feeder deposit, none of which are amenable to the heap leaching processing method being used currently at the Gualcamayo Mine.

**“Deloitte Colombia”** means Deloitte & Touche S.A.S., independent auditor, organized and existing in accordance with the laws of Colombia.

**“DGM”** means the General Directorate of Mines of Nicaragua.

**“EMP”** means an environmental management plan under applicable laws and regulations.

**“Executive Compensation Committee”** means the Executive Compensation Committee of the Board.

**“Feasibility Study”** means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors, together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

**“General Shareholders Assembly”** means a general shareholders meeting (*Asamblea General de Accionistas*) of the Company.

**“GNM Exploration Target”** means Royal Road’s Guntar-Niverengo Margarita gold exploration target, comprised of its Guntar-Niverengo concessions and Margaritas concession application, located in the Middle Cauca metallogenic belt, in Antioquia, Colombia.

**“Gualcamayo Mine”** means the Company’s producing mine on the Gualcamayo Property consisting of three operating open pits that exploit the QDD, the AIM and the Condor deposits, and one underground mine that exploits the QDDL deposit.

**“Gualcamayo Property”** means the Company’s property in west-central Argentina, in the northern part of the San Juan Province and extending into La Rioja Province, approximately 270 km north of the provincial capital of San Juan City, which hosts the Gualcamayo Mine and the Deep Carbonates Project.

**“Hemco”** means Hemco Nicaragua S.A., a direct subsidiary of Mineros that owns substantially all of, and operates, the Hemco Property.

**“Hemco Mining Operations”** has the meaning ascribed to such term in *“Three Year History and Recent Developments – Developments – Operations – Royal Road Nicaragua Alliance Agreement”*.

**“Hemco Plant”** means one of three operating processing plants located at the Hemco Property, owned 100% by Hemco.

**“Hemco Property”** means the property located in northeastern Nicaragua, in the vicinity of the town of Bonanza, approximately 230 km northeast of the capital of Managua, which hosts the Panama Mine, the Pioneer Mine, the Porvenir Project, the Luna Roja Deposit, artisanal mining, the Hemco Plant, the La Curva Plant, and the Vesmisa Plant. The Hemco Property also includes the Caribe Exploration Target which is an exploration target located within the Hemco Property held by Hemco subject to the Royal Road Nicaragua Alliance Agreement.

**“Hemco Technical Report”** means the report prepared in accordance with NI 43-101 entitled “Technical Report on the Hemco Property, Región Autónoma De La Costa Caribe Norte, Nicaragua”, dated effective as of December 31, 2022, as, prepared by or under the supervision of Sean Horan, P.Geo., Varun Bhundhoo, Ing., R. Dennis Bergen, P.Eng., and Brenna J.Y. Scholey, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc.

**“IFRS”** means the International Financial Reporting Standards as issued by the International Accounting Standards Board, and the interpretations thereof by the International Financial Reporting Interpretations Committee and the former Standing Interpretations Committee.

**“Indicated Mineral Resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

**“Inferred Mineral Resource”** means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**“La Curva Plant”** means one of three operating processing plants located at the Hemco Property, owned 100% by Hemco.

**“La Pepa Option Agreement”** means the agreement executed on December 14, 2018, and effective as of July 2, 2019, between the Company, Mineros Chile SpA, Yamana, and Minera Cavancha setting out the terms upon which Yamana granted to the Company the right and option to (i) earn in two stages up to 51% of the issued share capital of Minera Cavancha (and, indirectly, a 51% interest into the La Pepa Project), and (ii) purchase at market value the remaining 49% interest in Minera Cavancha, thereby acquiring a 100% interest in the La Pepa Project.

**“La Pepa Project”** means an advanced gold exploration project located in northern Chile, in the Maricunga Gold Belt of the Atacama Region, 110 km east of the city of Copiapó, which is held by Minera Cavancha, in which we currently own a 20% interest, subject to the La Pepa Option Agreement and the La Pepa Shareholders Agreement.

**“La Pepa Shareholders Agreement”** means the shareholders agreement dated December 20, 2021, between Minera Yamana Chile SpA, a subsidiary of Yamana, Mineros Chile SpA, a subsidiary of Mineros, and Minera Cavancha, pertaining to Minera Cavancha and operations at the La Pepa Project.

**“Llanuras Plant”** means the operating plant located at the Nechí Alluvial Property, owned 100% by Mineros Aluvial.

**“Luna Roja Acquisition”** means the acquisition by Hemco of Royal Road’s 50% interest in the Luna Roja Deposit for \$24.5 million, completed on May 21, 2021.

**“Luna Roja Deposit”** means the Luna Roja gold skarn deposit which is comprised of the Monte Carmelo I and Monte Carmelo II mining concessions located on the Hemco Property, 26 km northeast of the Caribe Exploration Target, which is 100% owned by Hemco.

**“Luna Roja Loans”** means the loan in the principal amount of US\$7 million advanced to Hemco pursuant to a loan agreement dated May 19, 2021 between Hemco and Banco de América Central Sociedad Anónima and the loan in the principal amount of US\$15 million advanced to the Company pursuant to a loan agreement dated May 12, 2021, between the Company and Banco Davivienda S.A.

**“MASA”** means Minas Argentinas S.A., an indirect subsidiary of Mineros that owns and operates the Gualcamayo Property, including without limitation the Gualcamayo Mine.

**“Material Properties”** means, collectively, the Nechí Alluvial Property and the Hemco Property.

**“Measured Mineral Resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

**“Minera Cavancha”** means Minera Cavancha SpA, a company incorporated under the laws of Chile, which holds the La Pepa Project pursuant to the terms of the La Pepa Option Agreement and the La Pepa Shareholders Agreement.

**“Mineral Reserve”** means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

**“Mineral Resource”** means a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

**“Mineros”** or the **“Company”** means Mineros S.A.

**“Mineros Aluvial”** means Mineros Aluvial S.A.S. BIC, a wholly owned subsidiary of Mineros that owns and operates the Nechí Alluvial Property.

**“Mining Code”** means Colombian Law 685/2001 and its regulatory decrees.

**“Mining Law (Nicaragua)”** means Law No. 387 “Special Law for the Exploration and Exploitation of Mines” (*La Ley Especial de Exploración y Explotación de Minas*), in effect since 2001, of Nicaragua.

**“Modifying Factors”** are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

**“Nechí Alluvial Property”** means the alluvial gold mining operations located approximately 190 km north-northeast of Medellín in the northeast of the Antioquia Department of Colombia, within the jurisdiction of the municipalities of El Bagre, Zaragoza, Cauca, and Nechí.

**“Nechí Technical Report”** means the report prepared in accordance with NI 43-101 entitled “Technical Report on the Nechí Alluvial Gold Mineral Resource and Mineral Reserve Estimates, Antioquia Department, Colombia”, dated and effective as of September 15, 2021, as amended on October 29, 2021, prepared by Luke Evans, M.Sc., P.Eng., Richard E. Routledge, M.Sc. (Applied), P.Geo., Ian Weir, P.Eng., Holger Krutzmann, P.Eng., all of SLR, and Gerd Wiatzka, P.Eng., of Arcadis Canada Inc.

**“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

**“NI 52-109”** means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

**“NI 52-110”** means National Instrument 52-110 – *Audit Committees*.

**“Nicaragua Sanctions Measures”** means Executive Orders 13851 and 10488 of the U.S. President.

**“NSR”** means net smelter return.

**“OFAC”** means the United States Department of the Treasury’s Office of Foreign Assets Controls.

**“Order”** means a cease trade order, an order similar to a cease trade order or an order that denied the relevant issuer access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

**“Panama Mine”** means the Company’s producing underground mine on the Hemco Property, which exploits the Panama deposit.

**“PINE”** means a project of national and strategic interest (*proyecto de interés nacional y estratégico*), a designation created by the Colombian government to prioritize and recognize projects which contribute materially to the Colombian economy.

**“Pioneer Mine”** means the Company’s underground mine at the Hemco Property, which exploits the Pioneer deposit.

**“Porvenir PFS”** means the pre-feasibility study on the Porvenir Project.

**“Porvenir Project”** means the Company’s advanced exploration project at the Hemco Property.

**“Pre-Feasibility Study”** is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

**“Probable Mineral Reserve”** means the economically mineable part of an Indicated Mineral Resource, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

**“Proven Mineral Reserve”** means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

**“QDD”** means the Quebrada del Diablo operating open pit mine that forms part of the Gualcamayo Mine, which includes the QDD Main and QDD Main F4 deposit areas.

“**QDDL**” means the Quebrada del Diablo Lower operating underground mine that forms part of the Gualcamayo Mine.

“**qualified person**” has the meaning set out in NI 43-101.

“**RACCN**” means Región Autónoma de la Costa Caribe Norte, Nicaragua.

“**RNVE**” means the Colombian National Securities and Issuers Registry.

“**Royal Road**” means Royal Road Minerals Limited, a publicly listed company in Canada.

“**Royal Road Colombia Alliance Agreement**” means the alliance agreement dated March 2, 2020 between Mineros, Royal Road and Exploraciones Northern Colombia S.A.S., a Colombian affiliate of Royal Road.

“**Royal Road Nicaragua Alliance Agreement**” means the alliance agreement originally entered into by Royal Road and Hemco dated September 1, 2017, as amended on May 21, 2021.

“**RPP**” means a Recognition of Private Property (*Reconocimiento de Propiedad Privada*) in Colombia, a type of mining concession.

“**SEC**” means the United States Securities and Exchange Commission.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

“**Shareholder Meeting Regulations**” means the internal regulations of proceedings of Mineros’ General Shareholders Assembly, as most recently approved at a meeting of the General Shareholders Assembly on April 16, 2021.

“**SLR**” means SLR Consulting (Canada) Ltd.

“**Technical Reports**” means, collectively, the Nechí Technical Report and the Hemco Technical Report.

“**Trust Agreement**” means the administration and payment trust agreement dated October 20, 2021, between the Company and the Trustee.

“**Trustee**” means Fiduciaria Davivienda S.A., a Colombian trust company (*sociedad fiduciaria*).

“**TSX**” means the Toronto Stock Exchange.

“**TSX Trust**” means TSX Trust Company.

“**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

“**U.S. dollars**” or “**\$**” means the currency of the United States.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

“**Vesmisia Plant**” means one of three operating processing plants located at the Hemco Property, beneficially owned by Vesubio Mining, S.A., a subsidiary of Hemco, and leased to and operated by Hemco under a lease agreement between Hemco and Vesubio Mining, S.A. dated February 11, 2019.

“**Yamana**” means Yamana Gold Inc., a Canadian publicly listed company.

**APPENDIX 2**  
**MINEROS S.A.**  
**AUDIT AND RISK COMMITTEE CHARTER**

**I. Purpose**

The purpose of the Audit and Risk Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Mineros S.A. (the “**Company**” or “**Mineros**”) in fulfilling its oversight responsibilities with respect to:

- (a) financial reporting and disclosure requirements;
- (b) evaluating accounting procedures, interacting with the auditor in connection with preparation of financial statements and other related matters; and
- (c) in general, ensuring that an effective risk management and financial control framework has been implemented and tested by management of the Company,

as instituted by this Audit and Risk Committee Charter (this “**Charter**”).

When the term “**Applicable Laws**” is used in this Charter, it refers, as appropriate, to Colombian laws and Applicable Foreign Law. For such purposes, “**Applicable Foreign Law**” means any law, rule, policy, regulation, decree, order, resolution, practice, standard or pronouncement issued or adopted by a governmental authority, regulatory authority, securities commission or stock exchange (and includes any rules or regulations required to be observed or followed by any transfer agent) that is applicable in any country in which shares are issued, or which apply to the Company or to such shares as a result of such shares having been listed and posted for trading on any stock exchange outside of Colombia.

**II. Composition**

- (a) The Board will appoint the members (“**Members**”) of the Committee after the ordinary meeting of the General Shareholder Assembly. The Members will be appointed to hold office until the next ordinary meeting of the General Shareholder Assembly or until their successors are appointed. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director.
- (b) The Committee will consist of at least three (3) directors, all of whom are: (i) “independent” as set out in Appendix “B” to the Policy for the Election, Evaluation and Compensation of Board of Directors of the Company, (ii) comply with the additional independence criteria set out in Appendix “A” to this Charter, and (iii) financially literate. In addition, each Member will be free of any relationship which could, in the view of the Board, reasonably interfere with the exercise of a Member’s independent judgment. For the purposes of this Charter, an individual will be considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

**III. Meetings**

- (a) Meetings of the Committee will take place no less than every three (3) months, at such times and places as the Chair of the Committee may determine. Forty-Eight (48) hours advance notice of each meeting will be given to each Member by any written means, unless all Members are present and waive notice, or if those absent waive notice before or after a meeting. Members may attend all meetings either in person or by conference call or videoconference.



- (b) Committee meetings may be called at any time by the Chair of the Committee at the request of the auditor, the Company's President, the Chief Financial Officer or any Member. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested. The auditor and any other person invited to attend a meeting of the Committee may attend and participate in the meeting, but shall not be entitled to vote.
- (c) The Board will appoint one of the Members to act as the Chair of the Committee. The internal auditor of the Company will act as the secretary of all meetings and will maintain minutes of all meetings and deliberations of the Committee. In the absence of the internal auditor at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.
- (d) Two (2) Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority. The Chair of the Committee will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- (e) The Committee may invite from time to time such persons as it sees fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee. The Committee will meet "in camera" (that is, in private) without management and without the internal auditor at each meeting of the Committee.
- (f) In advance of every meeting of the Committee, the Chair, with the assistance of the Secretary General, will prepare and distribute to the Members and others, as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Mineros to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **IV. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee as they relate to the following matters are to:

##### **1. Financial Reporting and Disclosure**

- (a) Review and recommend to the Board for approval, the audited annual financial statements, including the auditors' report thereon, the quarterly financial statements, management discussion and analysis, financial reports, guidance with respect to earnings per share, and any public release of financial information through press release or otherwise, before the Company publicly discloses this information, with such documents to indicate whether such information has been reviewed by the Board or the Committee.
- (b) Review and recommend to the Board for approval, where appropriate, financial information contained in any prospectus, annual information form, annual report to shareholders, management proxy circular, material change disclosure of a financial nature, and similar disclosure documents, before the Company publicly discloses this information.
- (c) Review with management of Mineros and with external auditors significant accounting principles and disclosure issues and alternative treatments under International Financial Reporting Standards ("IFRS"), all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Mineros' financial position and the results of its operations in accordance with IFRS, as applicable.
- (d) Review the minutes from each meeting of the Disclosure Committee established pursuant to Mineros' Corporate Disclosure Policy, since the last meeting of the Committee.
- (e) Satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements,

other than the public disclosure referred to in IV.1(a), and must periodically assess the adequacy of such procedures.

## **2. Internal Controls and Audit**

- (a) Review and discuss with management the sufficiency of the Company's internal financial controls and any issues involving the Company's or its employees' compliance with relevant Applicable Laws and significant policies and procedures approved by the Board from time to time that are not related to matters handled by the Corporate Governance and Sustainability Committee and the Executive Compensation Committee, including:
  - (i) reviewing and affirming written policies relating to business conduct, ethics and financial matters (including the Code of Ethics, Anti-Corruption Policy and the Compliance Manual on Anti-Bribery and Anti-Corruption and Related Guidelines) and ensuring that management has established a system to monitor compliance with all relevant policies of the Company;
  - (ii) obtaining reports from management about compliance by the Company and its directors, officers and employees of the relevant policies;
  - (iii) making recommendations to the Board regarding application of the policies; and
  - (iv) advising the Board about policies and procedures regarding compliance with the policies;
- (b) Ensure that Mineros maintains:
  - (i) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Mineros' transactions;
  - (ii) effective and independent internal control systems;
  - (iii) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Mineros at any particular time;
- (c) Satisfy itself that management has established adequate procedures for the review of Mineros' disclosure of financial information extracted or derived from Mineros' financial statements;
- (d) Satisfy itself that management has periodically assessed the adequacy of internal controls, systems and procedures in order to ensure compliance with regulatory requirements and recommendations, including AML Policy regulations;
- (e) Review and discuss Mineros' major balance sheet and off-balance sheet exposures and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (f) Review and assess, and in the Committee's discretion make recommendations to the Board regarding the adequacy of Mineros' risk management policies and procedures with regard to identification of Mineros' principal risks and implementation of appropriate systems to manage such risks, including an assessment of the adequacy of insurance coverage maintained by Mineros;
- (g) Review and assess, and in the Committee's discretion make recommendations to the Board regarding the planned scope of the internal audit;

- (h) Review and assess, and in the Committee's discretion make recommendations to the Board regarding all related-party transactions;
- (i) Review and assess, and in the Committee's discretion make recommendations to the Board regarding the appointment, termination, replacement and compensation of the internal auditor, when applicable; and
- (j) Review and uphold the Company's Code of Ethics, the Anti-Corruption Policy and the Compliance Manual on Anti-Bribery and Anti-Corruption and Related Guidelines, make recommendations thereto and ensure that management has established a system to oversee compliance with and the implementation and obtain reports from management validating whether the Company and its different organs are effectively complying with such instruments.

### **3. External Audit**

- (a) Recommend to the Board a firm of external auditors to be engaged by Mineros that meets the criteria set out in Appendix "B" of this Charter.
- (b) Ensure the external auditors report directly to the Committee on a regular basis.
- (c) Review the independence of the external auditors in accordance with the criteria set out in Appendix "B" of this Charter, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards.
- (d) Review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors.
- (e) Review the audit plan of the external auditors prior to the commencement of the audit.
- (f) Establish and maintain a direct line of communication with Mineros' external and internal auditors.
- (g) Meet "in camera" (being in private) with only the auditors, with only management, and with only the members of the Committee.
- (h) Review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditor's team.
- (i) Oversee the work of the external auditors appointed by the shareholders of Mineros with respect to preparing and issuing an audit report or performing other audit, review or attest services for Mineros, including the resolution of issues between management of Mineros and the external auditors regarding financial reporting and disclosure.
- (j) Review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used, any alternative treatments of financial information that have been discussed with management of Mineros, and the ramifications of their use as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences.
- (k) Discuss with the external auditors their perception of Mineros' financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review, and availability of records, data and other requested information and any recommendations with respect thereto.
- (l) Review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response

of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board.

- (m) Review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

#### **4. Associated Responsibilities**

- (a) Monitor and periodically review the whistleblower policy of the Company contained in the Compliance Manual on Anti-Bribery and Anti-Corruption and Related Guidelines, the procedures for the management of the whistleblower policy and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by Mineros regarding accounting, internal accounting controls or auditing matters;
  - (ii) the confidential, anonymous submission by directors, officers and employees of Mineros of concerns regarding questionable accounting or auditing matters; and
  - (iii) any violations of any Applicable Law that relates to corporate reporting and disclosure, or violations of Mineros' governance policies.
- (b) Review and approve Mineros' hiring policies regarding employees and partners, and former employees and partners, of the present and former external auditor of Mineros.

#### **5. Non-Audit Services**

Pre-approve all non-audit services to be provided to Mineros or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Committee at its first scheduled meeting following such pre-approval.

#### **6. Oversight Function**

The Committee's responsibilities and powers are those herein described. It is not the duty of the Committee to plan or carry out audits or determine whether the Company's financial statements are complete, accurate or meet the applicable accounting standards, including IFRS. These are the responsibilities of management and the external auditor.

The Committee, its Chairman and any of its members experienced in financial and/or accounting issues, are appointed to provide broad oversight of the financial, risk and control related activities of the Company, and are not accountable or responsible for the day-to-day operation or performance of such activities.

Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liabilities imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Mineros' financial information or public disclosure.

### **V. REPORTING**

The Chair of the Committee will report to the Board at each Board meeting on the Committee's activities since the last Board meeting. The Committee will annually review and approve the Committee's report for inclusion in the

report of the Board to the General Shareholder Assembly. The Secretary General will circulate the minutes of each meeting of the Committee to the members of the Board.

## **VI. ACCESS TO INFORMATION AND AUTHORITY**

The Committee will be granted unrestricted access to all information regarding Mineros and all directors, officers and employees will be directed to cooperate as requested by members of the Committee. The Committee has the authority to retain, at Mineros' expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities, and to set and pay the compensation for any such advisors, consultants and experts. The Committee also has the authority to communicate directly with internal and external auditors.

## **VII. REVIEW OF CHARTER**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

Approved and adopted: February 24, 2021.

## **Appendix “A” of the Audit and Risk Committee Charter**

### **Additional Independence Criteria For Audit and Risk Committee Members**

Despite any determination made about “**independence**” in accordance with Appendix “B” to the Policy for the Election, Evaluation and Compensation of Directors of the Company regarding an individual’s independence for purposes of sitting on the Board, to be considered an independent **Committee member**, the following **additional** considerations regarding the definition of independence must be met:

1. An individual will be considered to have a material relationship with the Company if he, she or they:
  - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the Company (or subsidiary entities), other than as remuneration for acting in his or her capacity as a member of the Board of any committee of the Board of the Company, or as a part-time chair or vice chair of the Board of any committee of the Board; or
  - (b) is an affiliated entity of the Company (or its subsidiary entities),
2. For purposes of paragraph 1 above, the indirect acceptance by an individual of any consulting, advisory or other compensatory fees includes acceptance of a fee by:
  - (a) an individual’s spouse, minor child or stepchild, or a child or stepchild who shares the individual’s home, or
  - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal investment banking or financial advisory services to the Company (or its subsidiary entities).
3. For purposes of paragraph 1 above, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company (or its subsidiary entities) if the compensation is not contingent in any way on continued service.

**Appendix “B” of the Audit and Risk Committee Charter**  
**Criteria for the Appointment of the External Auditor**

1. **Policy for the appointment and engagement of the External Auditor.** The following rules will apply to the appointment of the external auditor:
  - (a) Firms or individuals can only be engaged or hired based on their professionalism, experience and reputation. Individuals or firms that have been disqualified, suspended or subject to any type of definitive sanction resulting from the provision of financial auditing services, imposed by a judge or regulatory and/or supervision authority in the countries in which any entity of the Mineros’ group of companies has operations, cannot be considered for appointment at the General Shareholders Assembly.
  - (b) The external auditor’s engagement team must have relevant experience meeting the criteria specified by the Committee.
  - (c) The Company shall not hire or engage an external auditor for services that are not related to the financial audit of the Company or all other tasks entrusted to the external and/or statutory auditor under Applicable Law. Such restriction will also apply to the individuals providing services for and on behalf of the external auditor, including (i) members of the external auditor’s corporate group; and (ii) the principal managers, directors, managers and executives of the external auditor, as well as companies in which any partner and/or administrator of the external auditor is also a partner and/or administrator.
  - (d) Notwithstanding the foregoing, the Company may engage an external auditor for non-audit services as and where approved by the Committee in accordance with this Charter, provided that the fees payable to the external auditor for such services (excluding, for greater certainty, general audit services and other functions as defined in Applicable Laws) does not exceed 25% of the operating income of the external auditor in the corresponding year.
2. **Auditor Ineligibility:** The following individuals and entities are prohibited from acting as external auditor of the Company:
  - (a) shareholders of the Company or of any entity of the Mineros’ group of companies;
  - (b) relatives or spouses of members of the senior management of the Company or of any entity of the Mineros’ group of companies;
  - (c) any employee or contractor of the Company or of any entity of the Mineros’ group of companies;
  - (d) individuals or companies having received payments from the Company or any entity in the Mineros’ group of companies and/or related parties representing twenty five per cent (25%) or more of their annual income for the preceding year;
  - (e) persons who have been convicted of financial crimes, or crimes against public administration, or any crime relating to money laundering or terrorism financing, and/or had been the subject of disciplinary sanctions or any other administrative sanction; and
  - (f) anyone included in restricted lists due to conduct linked to money laundering, terrorism financing, fraud, corruption, bribery or any other illegal conduct.