



ANNUAL INFORMATION FORM

For the year ending December 31, 2023

DATED: MARCH 25, 2024

Prime Mining Corp.

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GLOSSARY

In this Annual Information Form, the following words or phrases have the meanings ascribed thereto

“AIF”	means an annual information form that is prepared pursuant to Part 6 of National Instrument 51-102 <i>Continuous Disclosure Obligations</i> ;
“Audit Committee”	means the Company’s audit committee;
“breccia”	means rock consisting of more or less angular fragments in a matrix of finer-grained material or cementing material;
“Board”	means the Company’s board of directors;
“CEO”	means chief executive officer;
“claim”	means a portion of land held either by a prospector or a mining company;
“Common Shares”	means common shares in the capital of the Company;
“Company”	means Prime Mining Corp.;
“CIM”	means Canadian Institute of Mining, Metallurgy and Petroleum;
“Deposit”	means a mass of naturally mineral material, proven by drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved;
“diamond drill”	means a type of rotary drill in which the drilling is done by abrasion using diamonds embedded in a matrix rather than by percussion. The drill cuts a core of rock which is recovered in long cylindrical sections;
“dip”	means geological measurement of the angle of maximum slope of planar elements in rocks. Can be applied to beddings, jointing, fault planes, etc.;
“Fiscal 2021”	means the Company’s fiscal year ended April 30, 2021;
“Fiscal 2022”	means the Company’s fiscal year ended December 31, 2022;
“Fiscal 2023”	means the Company’s fiscal year ended December 31, 2023;
“grade”	means the amount of valuable metal in each tonne of ore, expressed as grams per tonne (g/t) for precious metals, as percent (%) for copper, lead, zinc and nickel;
“g/t”	means grams per tonne;
“I”	means Indicated Mineral Resource;
“Intrusion”	means the process of emplacement of magma in a pre-existing rock. Also, the igneous rock mass so formed;
“IT”	means information technology;

“Los Reyes Amended Option Agreement”	means the option agreement dated October 23, 2017, as amended on October 24, 2018 and June 12, 2020, as assigned to the Company pursuant to the Los Reyes Assignment Agreement, among the Company, Vista Gold, Minera Gold Stake, S.A. de C.V., Minera Gold Stake Holdings Corp., Granges Inc. and ePower Metals, S.A. de C.V.;
“Los Reyes Assignment Agreement”	means the assignment and assumption agreement among MAI, Vista Gold, and the Mexican subsidiaries of each of MAI and the Company dated June 25, 2019, pursuant to which MAI will assign the rights to an option to earn a 100% interest in the Los Reyes Project;
“Los Reyes Governance Agreement”	means the governance and investor rights agreement between the Company and MAI dated June 25, 2019;
“Los Reyes Option”	means the option to acquire a 100% interest in the Los Reyes Project from Vista Gold;
“Los Reyes Project”	means the Los Reyes gold/silver project located in Sinaloa, México;
“Los Reyes Technical Report”	means the Company’s technical report titled <i>“Los Reyes Project, México”</i> , dated June 12, 2023 on the Los Reyes Project prepared by Sims Resources LLC, Snowden Optiro and Qualiticia Consulting Inc.
“MAI”	means Minera Alamos Inc.;
“M”	means Measured Mineral Resource;
“mineralization”	means the concentration of metals and their chemical compounds within a body of rock; the process or processes by which a mineral or minerals are introduced into a rock, resulting in a valuable or potentially valuable deposit;
“MD&A”	means the management’s discussion and analysis, as it relates to the Company’s financial statements;
“NSR”	means Net Smelter Royalty;
“NI 43-101”	means National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> ;
“NI 52-110”	means National Instrument 52-110 – <i>Audit Committees</i> ;
“Options”	means incentive stock options of the Company;
“ore”	means a natural aggregate of one or more minerals which may be mined and sold at a profit, or from which some part may be profitably separated;
“outcrop”	means an exposure of rock at the earth’s surface;
“sample”	means a small amount of material that is supposed to be absolutely typical or representative of the object being sampled;
“SEDAR+”	means the <i>SEDAR+</i> website, found at www.sedarplus.ca ;
“strike”	means direction or trend of a geologic structure; the course or bearing of the outcrop of an inclined bed, vein, or fault plane on a level surface; the direction of a horizontal line perpendicular to the direction of the dip;
“Transition 2021”	means the eight month transition period ended December 31, 2021;
“TSXV”	means the TSX Venture Exchange;

“TSX”	means the Toronto Stock Exchange;
“vein”	means a thin sheet-like intrusion into a fissure or crack, commonly bearing quartz; and
“Vista Gold”	means Vista Gold Corp.

PRELIMINARY NOTES

Date of Information

Unless otherwise stated, the information herein is presented as at December 31, 2023, being the date of the Company’s most recently completed financial year.

Currency

Unless otherwise specified, in this AIF all references to “dollars” or to “\$” are to Canadian dollars and references to US\$ are to United States dollars.

Special Note Regarding Forward-Looking Statements

This AIF contains “forward-looking statements” or “forward-looking information” within the meaning of applicable securities legislation (collectively, “**forward-looking statements**”). Forward-looking statements are included to provide information about management’s current expectations and plans that allows investors and others to get a better understanding of the Company’s operating environment, the business operations and financial performance and condition.

Forward-looking statements include, but are not limited to, statements regarding planned exploration and development programs and expenditures; the estimation of mineral resources and mineral reserves; feasibility studies and economic results thereof, including but not limited to future production, costs and expenses; mine production plans; projected mining and process recovery rates; mining dilution assumptions; timeline for receipt of any required agreements, approvals or permits; sustaining costs and operating costs; interpretations and assumptions regarding joint venture and potential contract terms; closure costs and requirements; expectations with the Los Reyes Project; the Company’s ability to obtain required mine licences, mine permits, required agreements with third parties and regulatory approvals required in connection with exploration plans and future mining and mineral processing operations, including but not limited to, necessary permitting required to implement expected future exploration plans; community and relations; availability of sufficient water for proposed operations; competition for, among other things, acquisitions of mineral reserves, undeveloped lands and skilled personnel; changes in commodity prices and exchange rates; currency and interest rate fluctuations and the ability to secure the required capital to conduct planned exploration programs, studies and construction and the Company’s development objectives and strategies. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as “expects”, “is expected”, “anticipates”, “believes”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible” or variations thereof or stating that certain actions, events, conditions or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved (or the negative of any of these terms and similar expressions) are not statements of fact and may be forward-looking statements.

Forward-looking statements are based upon a number of factors and assumptions that, if untrue, could cause actual results, performance, or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by the Company at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause the Company's actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of gold, the future price of silver, anticipated costs and the Company's ability to fund its programs, the Company's ability to carry on exploration and development activities, the discovery of mineral resources and mineral reserves on the Los Reyes Project, that political and legal developments will be consistent with current expectations, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Company's ability to operate in a safe, efficient and effective manner and the Company's ability to obtain financing as and when required and on reasonable terms and that the Company's activities will be in accordance with the Company's public statements and stated goals; that there will be no material adverse change or disruptions affecting the Company or its properties.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Certain important risk factors that could cause actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, risks related to: (i) mineral exploration; (ii) liquidity; (iii) additional capital; (iv) dependence on a single project; (v) permitting; (vi) foreign country operations; (vii) mine development; (viii) history of losses; (ix) limited operating history; (x) mining law reform; (xi) commodity prices; (xii) inflation; (xiii) risks related to the cyclical nature of the mining industry; (xiv) share price fluctuations; (xv); natural disasters and pandemics; (xvi) global financial conditions; (xvii) currency; (xviii) title; (xix) foreign subsidiaries; (xx) mine development; (xxi) insurance or lack thereof; (xxii) reliance on key individuals; (xxiii) competition; (xxiv) conflicts of interest; (xxv) environmental risks and hazards; (xxvi) infrastructure; (xxvii) climate conditions; (xxviii) water supply and availability; (xxix) accounting policies and internal controls; (xxx) community relations; (xxxi) information technology; (xxxii) litigation; (xxxiii) acquisitions and integration; (xxxiv) history on not paying dividends; and (xxxv) shareholder activism.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Although the Company believes its expectations are based upon reasonable assumptions and have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. See the section entitled "*Risk Factors*" below for additional risk factors that could cause results to differ materially from forward-looking statements.

Investors are cautioned not to put undue reliance on forward-looking statements. The forward-looking statements contained herein are made as of the date of this AIF and, accordingly, are subject to change after such date. The Company does not intend, and does not assume any obligation, to update this forward-looking information, except as required by law. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which can be viewed online under the Company's profile on SEDAR+ at www.sedarplus.ca.

Except where specifically indicated otherwise, the disclosure in this AIF of scientific and technical information regarding exploration projects on the Company's mineral properties has been reviewed and approved by Scott Smith, P.Geol., Executive Vice-President of Exploration for the Company and a Qualified Person as defined by NI 43-101.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on May 14, 1981 pursuant to the British Columbia *Company Act* (as it then was) under the name “Better Resources Limited”. In October 2005, the Company changed its name to “Bluerock Resources Limited”. In May 2009, the Company changed its name to “Argus Metals Corp.” In December 2017, the Company changed its name from “Argus Metals Corp.” to “ePower Metals Inc.” and in August 2019 the Company changed its name from “ePower Metals Inc.” to “Prime Mining Corp.”

The Company is a reporting issuer in the provinces of British Columbia and Alberta. The Company’s Common Shares are traded on the TSX under the symbol “PRYM”, on the Frankfurt Stock Exchange under the symbol “O4V3” and on the OTCQX market under the symbol “PRMNF”

The Company’s head office and principal place of business is located at Suite 710, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3. The Company’s registered and records office is located at Suite 2200, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

Intercorporate Relationships

The Company has two active wholly-owned subsidiaries, being Minera Amari, S.A. de C.V. (Mexico) and ePower Metals, S.A. de C.V. (Mexico).

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

The Company’s business involves the acquisition, exploration and development of interests in mineral projects. The following describes the development of the Company’s business over the last three completed financial years and to the date of this AIF.

Fiscal 2021

- On May 2020, the Company appointed Murray John to the Board, replacing Bruce Durham.
- On June 2020, the Company completed a brokered private placement of 20,000,000 units of the Company (each a “**June 2020 Unit**”) at a price of \$0.50 per Unit for aggregate gross proceeds of \$10,000,000. Each June 2020 Unit consists of one Common Share and one common share purchase warrant exercisable at a price of \$1.10 until June 12, 2025.
- On June 2020, the Company granted Options to certain directors, management, and consultants of the Company to purchase up to an aggregate of 3,100,000 Common Shares at a price of \$0.95 per Common Share for a period of five years from the date of grant.
- On June 2020, the Company settled debt of \$1,162,802 owed to Andrew Bowering for his portion of the Bridge Loan (defined below).
- On June 2020, the Company granted Options to certain directors, management, and consultants of the Company to purchase up to an aggregate of 750,000 Common Shares at a price of \$1.30 per Common Share for a period of five years from the date of grant.
- On June 2020, Daniel Kunz was appointed Chief Executive Officer, replacing Andrew Bowering who was appointed Executive Vice-President. Murray John was appointed Chairman of the Board and Gregory Liller and Jorge Ramiro Monroy were replaced by Paul Sweeney and Marc Prefontaine as members of the Board.
- On June 2020, the Company entered into the Los Reyes Amended Option Agreement.
- On July 2020, the Company completed the acquisition of the Los Reyes Project from Vista Gold.
- On August 2020, Ian Harcus was appointed Chief Financial Officer, replacing Simon Anderson.

- On August 2020, the Company granted Options to certain directors, management, and consultants of the Company to purchase up to an aggregate of 25,000 Common Shares at a price of \$1.92 per Common share and 400,000 at a price of \$1.92 per Common Share for a period of five years from the date of grant.
- In October 2020, Kerry Sparkes was appointed Executive Vice President-Exploration, replacing Greg Liller.
- In October 2020, Greg Liller stepped down as Chief Operating Officer but remained as a technical advisor.
- In October 2020, Bruce Kienlen stepped down as Vice President-Exploration but continued as manager of data and other technical areas.
- On October 1, 2020 the Company granted Options to an officer to purchase up to 300,000 Common Shares at a price of \$1.65 per Common Share for a period of five years from the date of grant.
- On December 14, 2020 the Company granted Options to a consultant to purchase up to 125,000 Common Shares at a price of \$1.25 per Common Share for a period of five years from the date of grant.

Transition 2021

- On May 11, 2021 the Company granted Options to an officer to purchase up to 100,000 Common Shares at \$3.83 per Common Share for a period of five years from the date of grant.
- On May 13, 2021 the Company granted Options to an employee to purchase up to 600,000 Common Shares at a price of \$3.50 per Common Shares for a period of five years from the date of grant.
- On September 23, 2021 Scott Smith was appointed Executive Vice-President Exploration, replacing Kerry Sparkes as Vice-President Exploration, and Edie Hofmeister was appointed as a director of the Company.
- On September 24, 2021 the Company granted Options to certain directors, management and consultants of the Company to purchase up to an aggregate of 2,210,000 Common Shares at a price of \$4.18 per Common share for a period of five years from the date of grant.

Fiscal 2022

- On March 30, 2022, the Company announced that it had appointed Chantal Gosselin to the Board. The Company granted Ms. Gosselin Options to purchase 400,000 Common Shares at \$3.53 per Common Share for a period of five years from the date of grant.
- On June 8, 2022, the Company announced that it had been upgraded and qualified to trade on the OTCQX from the OTCQB under the trading symbol “PRMNF”.
- On August 17, 2022, the Company announced that it had appointed Scott Hicks as Executive Vice President of the Company. In connection with his appointment, Mr. Hicks was granted 400,000 restricted share units (“**RSUs**”) of the Company and Options to purchase 600,000 Common Shares at \$2.05 per Common Share for a period of five years from the date of grant. Additionally, Options to purchase 275,000 Common Shares were awarded to certain members of senior management with the same terms.
- On December 22, 2022, the Company closed a brokered private placement of 14,030,000 units (each, a “**December 2022 Unit**”) for gross proceeds of \$21,045,000 (the “**December 2022 Offering**”). Each December 2022 Unit consisted of one Common Share and one Common Share purchase warrant (each, a “**December 2022 Warrant**”). Each December 2022 Warrant was exercisable into one Common Share at an exercise price of \$2.00 until December 22, 2025, subject to acceleration in certain circumstances.
- On December 22, 2022, the Company also issued 74,013 units (the “**Advisory Units**”) at a deemed price of \$1.52 per Advisory Unit, to an arms-length advisor, in payment of a fee of \$112,500 owing in connection with a services agreement renewed by the Company on June 8, 2022. Each Advisory Unit consisted of one Common Share and one Common Share purchase warrant (the “**Advisory**”).

Warrant”). Each Advisory Warrant is exercisable into one Common Share at an exercise price of \$2.25 until December 22, 2025.

Fiscal 2023

- On February 15, 2023, the Company granted Options to acquire 700,000 Common Shares at an exercise price of \$1.97 for a term of five years from the date of grant to certain members of management of the Company and 307,838 deferred share units (“**DSUs**”) to certain directors of the Company.
- On April 11, 2023, the Company announced that the December 2022 Warrants were accelerated in accordance with their terms. Any December 2022 Warrant that was not exercised by May 8, 2023 was deemed to be automatically cancelled.
- On April 17, 2023, the Company announced the publication of its inaugural 2022 sustainability report.
- On April 24, 2023, the Company appointed Ms. Indi Gopinathan as Vice President of Capital Markets and Business Development.
- On June 13, 2023, the Company filed the Los Reyes Technical Report.
- On June 14, 2023, the Company issued 63,025 Advisory Units at a deemed price of \$1.79 per Advisory Unit, to an arms-length advisor, in payment of a fee of \$112,500 owing in connection with a services agreement renewed by the Company on June 9, 2023. Each Advisory Unit consisted of one Common Share and one Advisory Warrant. Each Advisory Warrant is exercisable into one Common Share at an exercise price of \$2.52 until June 8, 2026.
- On August 16, 2023, Kerry Sparkes was appointed as a director of the Company, replacing Paul Larkin who resigned.
- On September 28, 2023 the Company granted Options to acquire 200,000 Common Shares at a price of \$1.08 per Common share for a term of five years from the date of grant to an officer of the Company. The Company also announced that it had granted 64,795 DSUs to a director entitling the director to receive Common Shares or cash following the resignation of the director from the board or a change of control following a vesting term of twelve months following the date of grant.
- On December 6, 2023, the Company graduated to the TSX and delisted its Common Shares from the TSXV.
- On December 8, 2023, the Company issued 82,720 Advisory Units at a deemed price of \$1.70 per Advisory Unit, to an arms-length advisor, in payment of a fee of \$112,500 owing in connection with a services agreement renewed by the Company on December 8, 2023. Each Advisory Unit consisted of one Common Share and one Advisory Warrant. Each Advisory Warrant is exercisable into one Common Share at an exercise price of \$2.04 until December 8, 2026.

Recent Developments

- On January 24, 2024, the Company announced that it had granted: (i) Options to acquire 991,626 Common Shares at a price of \$1.83 per Common Share for a term of five years from the date of grant to certain members of management of the Company; (ii) 455,846 RSUs to receive Common Shares or cash after three years to certain members of management of the Company; and (iii) 661,202 DSUs to certain directors.
- On February 1, 2024, Daniel Kunz, retired as CEO and was succeeded by Scott Hicks. In connection with his appointment as CEO, Mr. Hicks was also appointed to the Board.

Other than as described in this AIF, there were no acquisitions, dispositions, or financings during Fiscal 2023.

Principal Products

The Company is involved in the acquisition, exploration and development of mineral properties, and does not have any marketable products and is not distributing products at this time.

Competitive Conditions

The mineral acquisition, exploration and development business is a competitive business. The Company competes with numerous other companies and individuals who may have greater financial resources in the search for and acquisition of personnel and funding, and the search for and acquisition, exploration and development of attractive mineral properties. As a result of this competition, the Company may be unable to obtain additional capital or other types of financing on acceptable terms or at all, acquire, explore and develop properties of interest or retain qualified personnel. See “*General Development of the Business – Risk Factors*”.

Employees

As at the date of this AIF, the Company had approximately 75 employees in Canada and Mexico.

Environmental Protection

All phases of the Company’s operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations govern exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general handling, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. The costs of compliance with changes in government regulations have the potential to reduce the profitability of future operations. To the best knowledge of the Company, it follows and is in compliance with all environmental laws and regulations in effect where its properties are located. Environmental protection requirements did not have a material effect on the capital expenditures, earnings, or competitive position of the Company during Fiscal 2023 and are not expected to have a material effect during the upcoming year.

Specialized Skills and Knowledge

The Company relies on the specialized skills of management and consultants in the areas of mining and geology. The loss of any of these individuals could have an adverse effect on the Company. For more information see “*General Development of the Business – Risk Factors*”.

Foreign Operations

The Corporation’s material property is located in Mexico, as such the Company’s operations are exposed to various levels of regulatory, economic, political and other risks and uncertainties. For more information, see “*General Development of the Business – Risk Factors*”.

Business Cycles

Mining is a cyclical industry and commodity prices fluctuate according to global economic trends and conditions. For more information see “*General Development of the Business – Risk Factors*”.

Significant Acquisitions

The Company did not complete any significant acquisitions during Fiscal 2023.

Risk Factors

The Company's business is the acquisition, exploration, and development of mining properties. As a result, the operations of the Company are speculative due to the high-risk nature of its business. The risk factors described below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Mineral Exploration

The Company is engaged in mineral exploration and development activities which, by their nature, are speculative due to the high-risk nature of the Company's business and the present stage of its development. The Company's mineral property interests are of high risk and are considered to be speculative in nature. There is no certainty that the expenditures made by the Company towards the search for and evaluation of minerals with regard to its mineral property interests, or otherwise, will result in discoveries of commercial quantities of silver or other minerals.

In addition, the Company may expend substantial funds in exploring some of its properties only to abandon them and lose its entire expenditure on the properties if no commercial or economic quantities of minerals are found. Even if commercial quantities of minerals are discovered, the exploration properties might not be brought into a state of commercial production.

Finding mineral deposits is dependent on a number of factors, including the technical skill of exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent on a number of factors, some of which are the particular attributes of the deposit, such as content of the deposit including harmful substances, size, grade, and proximity to infrastructure, as well as metal prices and the availability of power and water in sufficient supply to permit development. Most of these factors are beyond the control of the entity conducting such mineral exploration. Where expenditures on a property have not led to the discovery of mineral reserves, such incurred expenditures will generally not be recoverable. Furthermore, the exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate or even mitigate. While the discovery of a mineral-bearing structure may result in an increase in value for shareholders, few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to locate and establish mineral reserves through drilling, for development of metallurgical processes to extract the metal from the ore, and in the case of new properties, for construction of the mining and processing facilities and infrastructure at any site chosen for mining.

It is difficult to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether gold, silver or other precious or base metal or mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of mineralization and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. Other factors include: the ability to hire and retain qualified people, the ability to obtain suitable machinery, equipment or labour, and the ability to obtain necessary services in jurisdictions in which the Company operates. Unfavourable changes to these and other factors have the potential to negatively affect the Company's operations and business.

In the exploration and development phases of a project, no absolute assurance can be given that any particular level of recovery of minerals will be realized or that any potential quantities and/or grade will ever qualify as a resource, or that any such resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, if production is commenced, mineral reserves are finite and there can be no assurance that the Company will be able to locate additional reserves as its existing reserves are depleted.

In general, mining operations involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of silver, precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, and possible legal liability.

Liquidity Risk

The Company has in the past and may in the future seek to acquire additional funding by the sale of Common Shares, the sale of assets or through the assumption of additional debt. Movements in the price of the common shares have been volatile in the past and may be volatile in the future. Approximately 14% of the Company's shares are held by an insider, 40% are held by institutions and 15% are held by management and directors.

Additional Capital

The Company has limited financial resources, no history of mineral production, operations or source of operating cash flow and continues to experience losses from operations, a trend the Company expects to continue. The exploration and development of the Los Reyes Project, including continuing exploration, will require additional financing. Historically, the Company has been financed through the issuance of Common Shares or other equity securities. Although the Company has been successful in the past in obtaining financing, the Company has limited financial resources. The Company has no assurance that additional funding will be available to it in the future to fulfill the Company's existing obligations or further exploration and development and, if obtained, on terms favourable to the Company. The ability of the Company to arrange additional financing in the future will depend, in part, on prevailing capital market conditions as well as the business performance of the Company.

The most likely source of future financing presently available to the Company is through the sale of additional Common Shares, which would mean that each existing shareholder would own a smaller percentage of the Common Shares then outstanding. Alternatively, the Company may rely on debt financing and assume debt obligations that require it to make interest and capital payments. Also, the Company may issue or grant warrants or options in the future pursuant to which additional Common Shares may be issued. Exercise of such warrants or options will result in dilution of equity ownership to the Company's existing shareholders.

Failure to obtain required financing could result in delay or indefinite postponement of its anticipated activities in the coming years and could cause the Company to forfeit its interests in some or all of the Company's properties or to reduce or terminate the Company's operations. Failure to obtain required financing would have a material adverse effect on the Company's business, financial condition, and results of operations.

Dependence on Single Project

The Los Reyes Project is currently the Company's sole project and therefore, any adverse development with respect to the Los Reyes Project will have a material adverse effect on the Company.

Permitting Risk

The Company's operations in each of the jurisdictions in which it operates are subject to receiving and maintaining permits (including environmental permits) from appropriate governmental authorities.

Furthermore, prior to any development on any of its properties, the Company must receive permits from appropriate governmental authorities. The Company can provide no assurance that necessary permits will be obtained, that previously issued permits will not be suspended for a variety of reasons, including through government or court action, or that delays will not occur in connection with obtaining all necessary permits, renewals of permits for existing operations, or additional permits for any possible future changes to operations, or additional permits associated with new legislation. The Company can provide no assurance

that it will continue to hold or obtain, if required to, all permits necessary to develop or continue operating at any particular site, which would materially adversely affect its operations.

Foreign Country Risk

The Company's sole material property is located in Mexico. The Company is subject to certain risks as a result of conducting foreign operations, including, but not limited to: currency fluctuations; possible political or economic instability that may result in the impairment or loss of mineral titles or other mineral rights; opposition from environmental or other non-governmental organizations; government regulations relating to the mining industry; renegotiation, cancellation or forced modification of existing contracts; expropriation or nationalization of property; changes in laws or policies or increasing legal and regulatory requirements including those relating to taxation, royalties, imports, exports, duties, currency, 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, narco-terrorist actions or activities, sabotage and civil disturbances; delays in obtaining or the inability to obtain or maintain necessary governmental or similar permits or to operate in accordance with such permits or regulatory requirements; currency fluctuations; import and export regulations, including restrictions on the export of gold, silver or other minerals; limitations on the repatriation of earnings; and increased financing costs. Any changes in regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations, or rules in any of the countries in which the Company currently conducts business or in the future may conduct business, could result in an increase in taxes, or other governmental charges, duties, or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted, or applied in a manner that could result in the Company being subject to additional taxation or that could otherwise have a material adverse affect on the Company.

Further, violence in Mexico is well documented and has, over time, been increasing. Conflicts between the drug cartels and violent confrontations with authorities are not uncommon. Other criminal activity, such as kidnapping and extortion, is also an ongoing concern. Many incidents of crime and violence go unreported and efforts by police and other authorities to reduce criminal activity are challenged by a lack of resources, corruption, and the pervasiveness of organized crime. Incidents of criminal activity have occasionally affected the communities in the vicinity of the Company's operations. Such incidents may prevent access to the Company's property or offices; halt or delay operations and production; result in harm to employees, contractors, visitors, or community members; increase employee absenteeism; create or increase tension in nearby communities; or otherwise adversely affect the Company's ability to conduct business. The Company can provide no assurance that security incidents, in the future, will not have a material adverse effect on its operations.

Inflation Risks

Inflation rates in the jurisdictions in which the Company operates have continued to increase. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour and energy, the fiscal and monetary stimuli provided by governments in response to the COVID-19 pandemic as well as continuing global supply-chain disruptions, with global energy costs increasing significantly following the invasion of Ukraine by Russia in February 2022. Moreover, the Middle East is an important contributor to global oil supplies and any instability in the region, such as the Israel-Hamas conflict that commenced in October 2023, can cause price hikes due to anticipated supply disruptions, which can in turn affect global inflation rates and trade balances. These inflationary pressures have affected the Company's labour, commodity and other input costs and such pressures may or may not be transitory. Any continued upward trajectory in the inflation rate for the Company's inputs may have a material adverse effect on the Company's operating and capital expenditures for the development of its projects as well as its financial condition and results of operations.

Mine Development Risks

Mine development projects require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, and anticipated capital and operating costs of these projects. Development projects are uncertain, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production. Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals and environment), fluctuations in metals prices, accidents, labour actions, the availability and delivery of critical equipment, successful commissioning and start-up of operations, including the achievement of designed mill recovery rates and force- majeure events.

If actual results are less favourable than currently estimated, the Company's business, results of operations, financial condition and liquidity could be materially adversely affected. Fluctuations in the market price of gold, silver and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop the Los Reyes Project. The value of the Company's securities may be significantly affected by the market price of gold, silver and other metals, which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of gold and silver or other metals by holders in response to such factors.

History of Losses

The Company is an exploration and development stage company and has not generated cash flow from operations. The Company is devoting significant resources to the development of the Los Reyes Project and to actively pursue exploration and development opportunities, however, there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. Historically, the Company's primary source of funding has been the issuance of equity securities for cash. While the Company has successfully raised equity financing in the past, its access to exploration and construction financing is always uncertain, and there can be no assurance of access to significant equity or debt funding. The Company currently has negative cash flow from operating activities.

Limited Operating History

The Company has no history of generating operating revenues or profits. The Company expects to continue to incur losses unless and until such time as it develops its properties and commences operations on its

properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, and the execution of any joint venture agreements with strategic parties, if any. There can be no assurance that the Company will generate operating revenues or profits in the future.

Mining Law Reform

On May 8, 2023, the Mexican Congress introduced a number of changes to the Mexican mining law and mining regulations, including the process by which mining concessions are granted, the term and scope of mining concessions, the legal nature of mining concessions and the ability to transfer title to mining concessions. Proceedings challenging the constitutionality of the reforms have been initiated, although the potential outcome of these proceedings cannot be determined at this time. In the interim, the Company has obtained a ruling from a federal judge in Mexico providing that the previously enacted mining-related laws will continue to govern its activities at the Los Reyes Project. This ruling is currently being appealed by the Mexican government. In the event the reforms remain in place, as enacted, and the Mexican government is successful in overturning the existing ruling on appeal, they could impact the timeline and the process by which development is advanced at the Los Reyes Project.

Commodity Prices

The mineral exploration and development businesses can be impacted by commodity prices, general economic conditions, external trade agreements, competitor activities, political instability and many other factors beyond the Company's control.

Risks Related to the Cyclical Nature of the Mining Business

The mining business and the marketability of the products that are produced are affected by worldwide economic cycles. Fluctuations in supply and demand in various regions throughout the world are common.

As the Company's mining and exploration business is in the exploration stage and as the Company does not carry on production activities, its ability to fund ongoing exploration is affected by the availability of financing which is, in turn, affected by the strength of the economy and other general economic factors.

Share Price Fluctuations

The Common Shares are listed and posted for trading on the TSX. An investment in the Company's securities is highly speculative. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration, or development-stage companies such as the Company, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Natural Disasters, Terrorist Acts, Health Crises and Other Disruptions and Dislocations, Including Pandemics

Upon the occurrence of a natural disaster, pandemic or upon an incident of war, riot or civil unrest, the impacted country, and the overall global economy, may not efficiently and quickly recover from such an event, which could have a material adverse effect on the Company. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious diseases or viruses, extreme weather and related events can result in volatility and disruption to global supply chains, operations, mobility of people, patterns of consumption and service and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.

Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, and many industries, including the mining industry have been impacted. There may not be an adequate response to emerging infectious diseases, or

significant restrictions may be imposed by a government, either of which may impact mining operations. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains social unrest, government or regulatory actions or inactions, including quarantines, travel restrictions, declaration of national emergencies, permanent changes in taxation or policies, decreased demand or the inability to sell and deliver commodities, declines in the price of commodities, delays in permitting or approvals, suspensions or mandated shut downs of operations, governmental disruptions or other unknown events with potentially significant impacts. At this time, management cannot accurately predict what impacts there will be or what effects these conditions will have on the business, including those uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length of restrictions or responses that have been or may be imposed by the governments. Given the international nature of the Company's operations, the Company may not be able to accurately predict which operations will be impacted. Any outbreak or threat of an outbreak of a contagious or epidemic disease could have a material adverse effect on the Company, its business and operational results and the market price of its securities.

Current Global Financial Condition

Market events and conditions, including the disruptions in the international credit markets and other financial systems, along with political instability, falling currency prices expressed in United States dollars, the uncertainty surrounding global supply chains and the critical measures implemented by governments globally related to the recent spread of diseases have resulted in commodity prices remaining volatile. These conditions have also caused fear and a loss of confidence in global credit markets, resulting in a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions have caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond the Company's control may have on commodity prices; demand for metals, including gold and silver; availability of credit; investor confidence; and general financial market liquidity, all of which may adversely affect the Company's business.

These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company.

Increased levels of volatility and market turmoil can adversely impact the Company's operations and the value, and the price of the Common Shares could be adversely affected.

Currency Fluctuations

The Company's operations in Mexico make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company reports its financial results in Canadian dollars with the majority of transactions denominated in Canadian dollars. As the exchange rates of the U.S. dollar and Mexican peso fluctuate against the Canadian dollar, the Company will experience foreign exchange gains or losses. The Company does not use an active hedging strategy to reduce the risk associated with currency fluctuations but may decide to do so in the future.

Title Risks

The acquisition of title to mineral tenures in Mexico is a detailed and time-consuming process. Although the Company has diligently investigated title to all mineral tenures and, to the best of its knowledge, title to all of its properties is in good standing, this should not be construed as a guarantee of title. The Company can provide no assurances that there are no title defects affecting its properties. Other parties may dispute title to any of the Company's mineral properties and any of the Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected encumbrances or defects or governmental actions. Title to the Company's properties may also be affected by undisclosed and undetected defects. If any claim or challenge is made regarding title, the Company may be subject to monetary claims or be unable to develop properties as permitted or to enforce its rights with respect to its properties.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Mine Development Risks

The business of mineral exploration and extraction involves a high degree of geological, technical and economic uncertainty because of the difficulty of locating a viable mineral deposit, the costs and other risks involved in bringing a Deposit into production and the uncertainty of future mineral prices.

Uninsurable Risks

Exploration, development, and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the storage and shipment of precious metal concentrates and political and social instability. Such occurrences could result in damage to mineral properties, damage to underground development, damage to production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in the ability to undertake exploration, monetary losses, and possible legal liability. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of the Company.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance policies do not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. 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 and production is not always available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. The Company does not currently maintain insurance against political risks, underground development risks, production facilities risks, business interruption or loss of profits, theft, the economic value to re-create core samples, environmental risks, and other risks. Furthermore, insurance limits currently in place may not be sufficient to cover losses arising from insured events. Losses from any of the above events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Reliance on Management and Experts

Engineering studies and development depends on the efforts of key members of management and employees. Loss of any of these people could have a material adverse effect. The Company does not have key person insurance with respect to any of its key employees.

Competition

Significant and increasing competition exists for mineral deposits in each of the jurisdictions in which the Company conducts operations. As a result of this competition, much of which is with large established mining companies with substantially greater financial and technical resources than the Company has, it may be unable to acquire additional attractive mining claims or financing on terms it considers acceptable. The Company also competes with other mining and mineral processing and refining companies in the recruitment and retention of qualified employees. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

Conflicts of Interest

Certain of the Company's directors, officers and other members of management do, and may in the future, serve as directors, officers, promoters and members of management of other mineral exploration and development companies and, therefore, it is possible that a conflict may arise between their duties as a director, officer, promoter or member of the Company's management team and their duties as a director, officer, promoter or member of management of such other companies. The Company's directors and officers are aware of the laws establishing the fiduciary duties of directors and officers including the requirement that directors disclose conflicts of interest and abstain from voting on any matter where there is a conflict of interest. The Company will rely upon these laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors or officers.

Environmental Regulatory and Hazards

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving to stricter standards, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Environmental hazards may exist on the properties in which the Company holds its interests or on properties that will be acquired which are unknown to the Company at present and which have been caused by previous or existing owners or operators of those properties.

The Company's current or future activities, including exploration and development activities and operations of the Company require licenses, permits or other approvals from various governmental authorities and activities are and will be governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits that the Company may require for exploration and development will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities and that it does not currently have any material environmental obligations. However, there may be unforeseen environmental liabilities resulting from exploration, development and/or mining activities and these may be costly to remedy.

The Company does not maintain insurance against all environmental regulatory risks. As a result, any claims against the Company may result in liabilities that could have a significant adverse effect on the operations and financial condition of the Company.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, 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. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

The Company cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially or adversely affect its financial condition. There is no assurance that future changes to environmental regulation, if any, will not adversely affect the Company.

Infrastructure

Exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, and water supply are important determinants for capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration of the Los Reyes Project. If adequate infrastructure is not available in a timely manner, there can be no assurance that the further exploration of the Los Reyes Project will be completed on a timely basis, if at all. In addition, unusual weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's exploration and development activities.

Climate Change Risk

Climate change is a global challenge that may affect the business of the Company in a range of possible ways. Mining and processing operations can be water and energy intensive, resulting in a carbon footprint either directly or through the purchase of fossil-fuel based electricity. As a result, the Company is impacted by current and emerging policy and regulation relating to emission levels, energy efficiency and reporting of climate-change related risks. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the current regulatory trend may result in additional costs.

In addition, the physical risks of climate change may also have an adverse effect including increased incidence of extreme weather events, resource shortages, changes in rainfall and storm patterns and intensities, water shortages, changing sea levels and changing temperatures. Associated with these physical risks is an increasing risk of climate-related litigation (including class actions) and the associated costs. Stakeholders are seeking enhanced disclosure on the material risks, opportunities, financial impacts and governance processes related to climate change. Inaccurate disclosure, adverse publicity or climate-related litigation could have an adverse effect on the Company's reputation or financial condition.

Water Supply Management and Availability

The Company acknowledges the right to clean, safe water and recognizes that access to a reliable water supply is critical to the hygiene, livelihood and environmental health of its communities. Water is a critical input to mining operations, and the increasing pressure on water resources in the area of operations requires the Company to consider current and future conditions in its management of water resources. The Company operates in a region where seasonal water abundance and scarcity is an inherent risk and where rainfall can vary greatly from year to year.

Operations may face challenges related to seasonally abundant and limited supply, increased demand, and impacted water in various forms. Water shortages may result from environmental and climate events that are out of the Company's control and ability to manage. For example, excessive seasonal rainfall or flooding may also result in operational difficulties, including geotechnical instability and additional water management requirements. The inability to secure water rights, or shortages of water to which the Company has established rights, could impact future operations or exploration. In addition, laws and regulations may be introduced in the jurisdictions in which the Company operates which could limit access to sufficient water resources.

Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with international financial reporting standards applicable to publicly accountable enterprises. In preparing financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's annual consolidated financial statements. In order to have a reasonable level of assurance that financial transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported, the Company has implemented and continues to analyze its internal control systems for financial reporting. Although the Company believes its financial reporting and annual consolidated financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

Community Relations

The Company's relationships with the communities in which it operates, and other stakeholders are critical to ensuring the future success of the construction and development of its projects. Despite the many positive attributes of and impacts of mining on local communities, there is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Publicity adverse to the Company, its operations, or extractive industries generally, could have an adverse effect on the Company and may impact relationships with the communities in which the Company operates and other stakeholders. While the Company is committed to operating in a socially responsible manner, there can be no assurance that its efforts in this respect will mitigate this potential risk. Further, damage to the Company's reputation can be the result of the perceived or actual occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regard to the Company and its activities, whether true or not. While the Company strives to uphold and maintain a positive image and reputation, the Company does not ultimately have control over how it is perceived by others. Reputation loss may lead to increased challenges in developing, maintaining community relations and advancing its projects and decreased investor confidence, all of which may have a material adverse impact on the financial performance and growth of the Company.

Information Technology

The Company is reliant on the continuous and uninterrupted operations of its IT systems. User access and security of all IT systems are critical elements to the operations of the Company. The Company's operations depend, in part, on how well the Company and its suppliers protect networks, equipment, IT 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, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any IT failure pertaining to availability, access or system security could result in disruption for personnel and could adversely affect the reputation, operations or financial performance of the Company.

The Company's IT systems could be compromised by unauthorized parties attempting to extract business sensitive, confidential or personal information, corrupting information or disrupting business processes or by inadvertent or intentional actions by the Company's employees or vendors. A cyber security incident resulting in a security breach or failure to identify a security threat, could disrupt business and could result in the loss of business sensitive, confidential or personal information or other assets, as well as litigation, regulatory enforcement, violation of privacy and security laws and regulations and remediation costs.

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, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation and dispute resolution process, the litigation process could take away from management time and efforts and the resolution of any particular legal proceeding to which the Company may become subject could have a material adverse effect on the Company's financial position, results of operations or the Company property development.

Acquisitions and Integration

From time to time, the Company may examine opportunities to acquire additional mining assets and businesses. 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 geographic, political, operating, financial 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 would be accompanied by risks. For example, 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; a material property may prove to be below expectations; the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may experience dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

No Dividends

No dividends on the Common Shares have been paid by the Company to date and the Company may not declare or pay any cash dividends in the foreseeable future. Any payments of dividends will be dependent upon the financial requirements of the Company to finance future growth, the financial condition of the Company and other factors which the Company's Board may consider appropriate in the circumstances.

Shareholder Activism

Publicly traded companies are often subject to demands or publicity campaigns from activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurance that the Company will not be subject to any such campaign, including proxy contests, media campaigns, or other activities. Responding to challenges from activist shareholders can be costly and time consuming and may have an adverse effect on the Company's reputation. In addition, responding to such campaigns would likely divert the attention and resources of the Company's management, which could have an adverse effect on the Company's business and results of operations. Even if the Company were to undertake changes or

actions in response to activism, activist shareholders may continue to promote or attempt to effect further changes and may attempt to acquire control of the Company. If shareholder activists are ultimately elected to the Board, this could adversely affect the Company's business and future operations. This type of activism can also create uncertainty about the Company's future strategic direction, resulting in loss of future business opportunities, which could adversely affect the Company's business, future operations, profitability, and the Company's ability to attract and retain qualified personnel.

DESCRIPTION OF THE COMPANY'S BUSINESS

General

The Company is involved in the acquisition and exploration of mineral properties. Currently the Company holds one property interest that is material to the Company, the Los Reyes Project.

Material Project

Los Reyes Project

In August 2019, the Company closed the Los Reyes Assignment Agreement with MAI, Vista Gold, and the Mexican subsidiaries of each of MAI and the Company, pursuant to which MAI assigned the rights to the Los Reyes Amended Option Agreement. At the time, MAI had the right to acquire a 100% interest in the Los Reyes Project, pursuant to the Los Reyes Amended Option Agreement. The Company is at arm's-length from each of MAI and Vista Gold.

Initially, to acquire the Los Reyes Option, the Company:

- Paid US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold on April 23, 2019 (the "**April Payment**").
- Assumed MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold, as follows:
 - US\$1,500,000 paid on October 27, 2019; and
 - US\$1,500,000 on the earlier of October 27, 2021, or a production decision (collectively the "**October Payments**").
- Issued to MAI 9,450,000 Common Shares and 3,350,000 common share purchase warrants entitling MAI to acquire further Common Shares at a price \$0.50 per Common Share for a period of 24 months from issuance.
- Entered into the Los Reyes Governance Agreement, providing for, among other things, MAI receiving the right to appoint one director to the Board for so long as MAI holds at least 5% of the Company's outstanding Common Shares and MAI receiving the right to participate in future financings. Bruce Durham joined the Board as MAI's initial nominee under the Governance Agreement. As of the date of this AIF, MAI no longer holds at least 5% of the Company's outstanding Common Shares. Bruce Durham resigned from the Board in May 2020.

The Company funded the April Payment through a loan of \$2,000,000 (the "**Bridge Loan**") that was arranged through a group of lenders consisting of Andrew Bowering (the Company's then CEO), George Dengin and Perfect Storm Holdings Ltd. (collectively the "**Lenders**"). The Bridge Loan was unsecured, bore interest at a rate of 12% per year, compounded monthly, and had a term of 12 months. The loan received TSXV approval in August 2019 and the Company repaid \$1,000,000 of the loan plus accrued interest in September 2019. The Company repaid the balance of the remaining loan plus accrued interest in June 2020.

In consideration for providing the Bridge Loan, the Company paid a commitment fee of \$40,000 and issued 1,333,334 Common Shares to the Lenders.

In consideration for introducing the Los Reyes Option to the Company, and for assisting in its facilitation, the Company issued 1,216,250 Common Shares to two arm's-length parties, Jeremy Ross and Sandwedge Consulting Ltd. A total of 556,250 finders' shares were issued, with a further 330,000 finders' shares to be issued upon completion of the October Payments.

On June 12, 2020, the Company amended the Los Reyes Amended Option Agreement for the Los Reyes Project with Vista Gold. The amended Los Reyes Amended Option Agreement provides for the cancellation of all ongoing NSRs and back-in rights ("**Back-in Rights**") held by Vista Gold, in consideration for accelerating the final US\$1,500,000 option payment owing to Vista Gold (the "**Option Payment**") and paying (1) US\$1,100,000 no later than six months from the acquisition date; and (2) US\$1,000,000 no later than 12 months from the acquisition date.

After the Company made the Option Payment, Vista Gold no longer retained a capped NSR on production from open-pit mining or a perpetual NSR on production from underground mining. In addition, Vista Gold no longer has the Back-in Rights to assume a 49% non-carried interest in any underground mining project developed at the Los Reyes Project.

In summary, to acquire the Los Reyes Project, the Company:

- Paid US\$1,500,000 to MAI, to reimburse MAI for the cost of an option payment required to be made to Vista Gold in April 2019.
- Assumed MAI's remaining option payments of US\$3,000,000 in favour of Vista Gold of which US\$1,500,000 was paid in October 2019 and US\$1,500,000 was paid in July 2020.
- Issued to MAI 9,450,000 Common Shares and 3,350,000 Common Share purchase warrants entitling MAI to acquire further Common Shares at a price \$0.50 per share for a period of 24 months.
- Paid to Vista Gold US\$1,100,000 in January 2021 and a further US\$1,000,000 in July 2021.

The Company filed a deed in Mexico with the Public Registry of Property and Commerce to record the transfer of the 37 Los Reyes mining concessions. The Company expects to complete registration with the Mines General Directorate's Mining Public Registry in due course.

LOS REYES PROJECT

Information of a scientific or technical nature in respect of the Los Reyes Project in this AIF has been extracted from portions of the Los Reyes Technical Report (which summary has been updated and conformed to be consistent with certain recent developments and other disclosure in this AIF). For readers to fully understand the technical information in respect of the Los Reyes Project in this AIF, they should read the Los Reyes Technical Report, which is incorporated by reference into this AIF, (available on SEDAR+ at www.sedarplus.ca under the Company's profile) in its entirety, including all qualifications, assumptions and exclusions that relate to the technical information set out in this AIF except as updated based on recent developments below. The Los Reyes Technical Report is intended to be read as a whole, and sections should not be read or relied upon out of context. The technical information in Los Reyes Technical Report is subject to the assumptions and qualifications contained in the Los Reyes Technical Report.

Property Description and Location

The Los Reyes Project is north of the coastal city of Mazatlán, approximately 110 km by air and 200 km by paved highway (Figure 1 1). The Los Reyes Project is within the municipality of Cosalá (population 17,012)

and the closest city to the Los Reyes Project is Cosalá (population 7,888, INEGI 2020) which is located 30 km to the northwest of the Los Reyes Project and connected by a gravel road. En route to the Los Reyes Project from Cosalá are the villages of Palo Verde and La Tasajera. The village of Guadalupe de Los Reyes is on the Los Reyes Project and was the site of Spanish colonial mining (Figure 1 2) The general geographic coordinates of the Los Reyes Project are N-24°17' and W-106°32' (UTM Zone 13 North 344250E, 2686400N). Coordinates are in WGS 84.

Figure 1-1 Los Reyes General Location

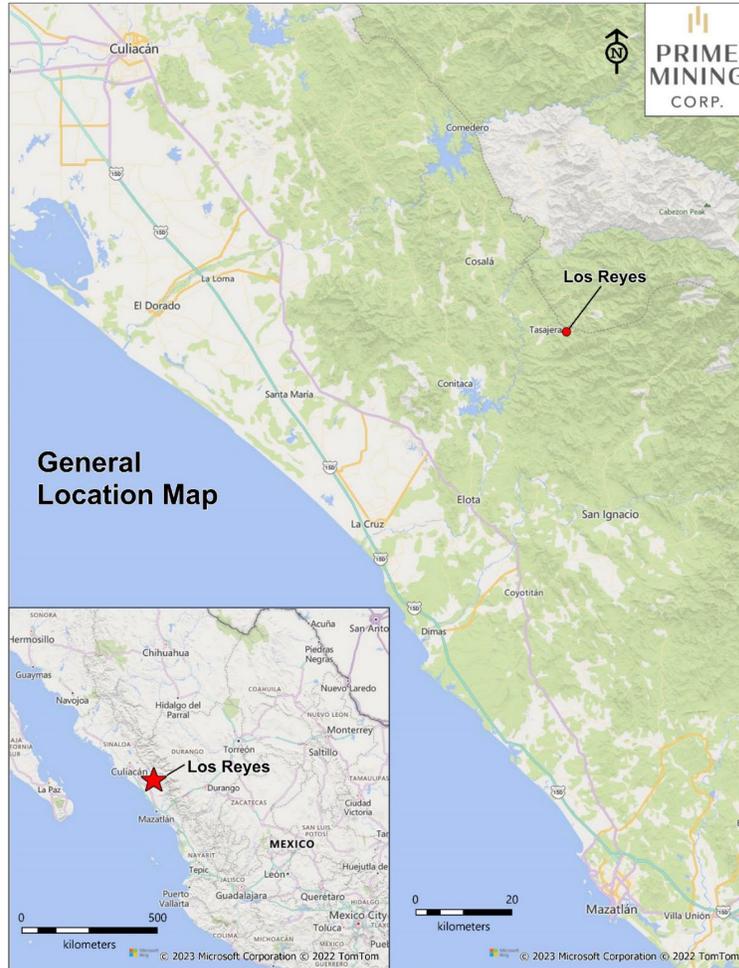
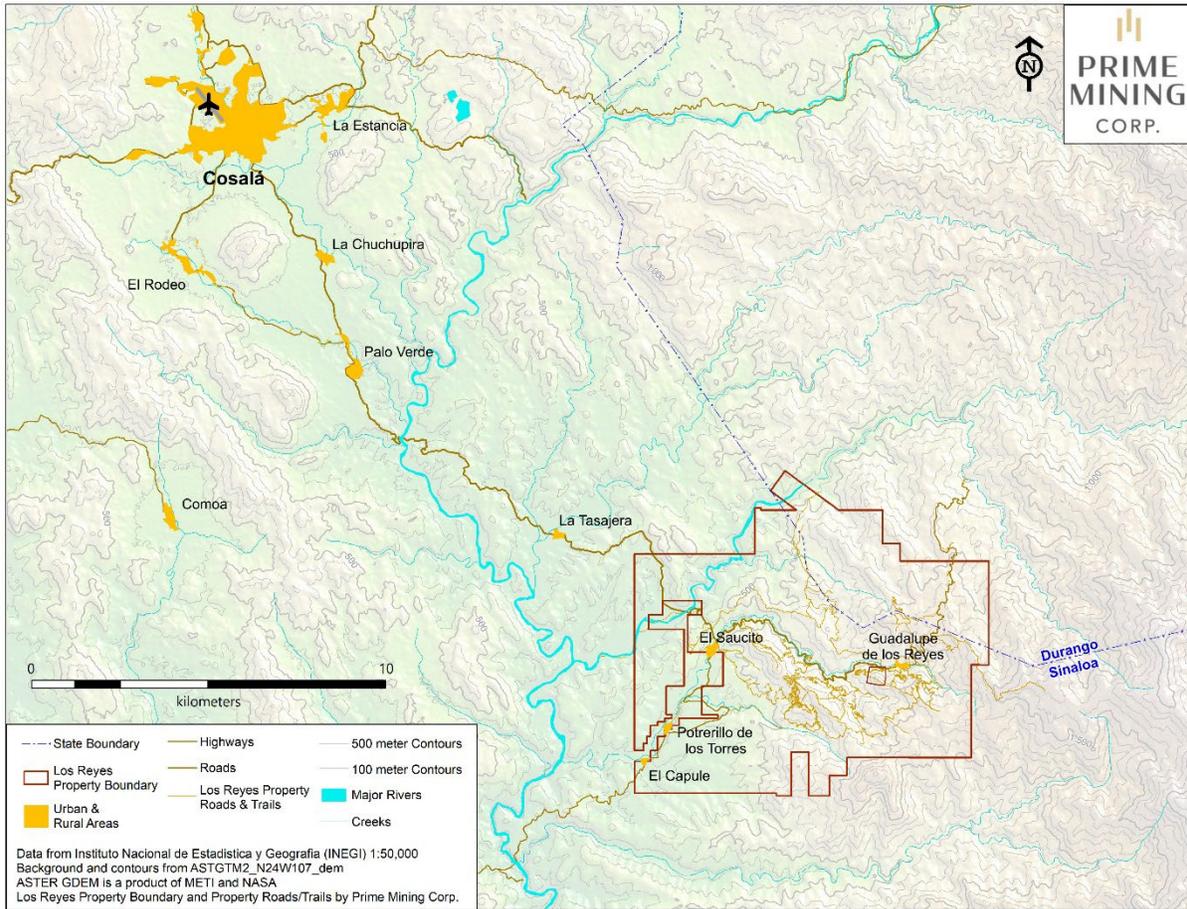


Figure 1-2 Los Reyes Property Location



Ownership and History

The Company acquired the Los Reyes Project through the Los Reyes Assignment Agreement. The Company owns 100% of the Los Reyes Project subject to various royalties and/or net smelter returns. The Los Reyes Project is comprised of 37 contiguous mining concessions that have an area of 6,273 hectares (Figure 1-3).

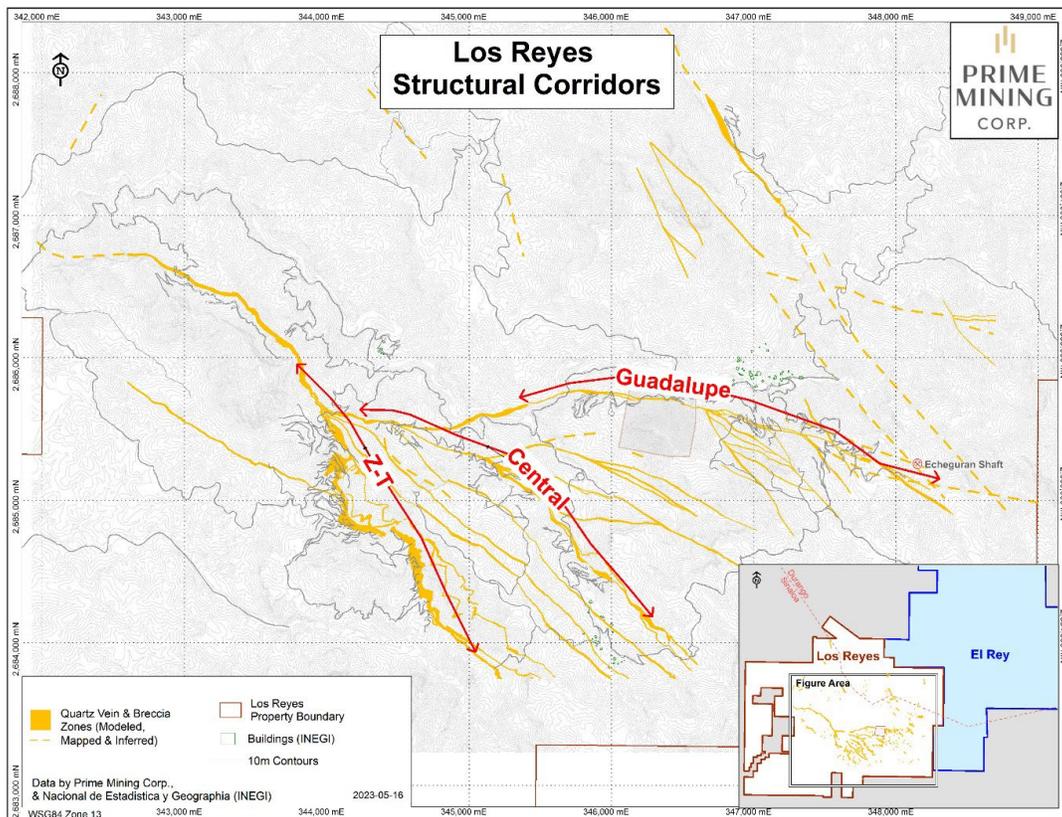
approximately 1 km thick, and is predominantly composed of intermediate (andesitic) volcanics and more felsic units that are mostly dacitic to rhyolitic in composition. The upper sequence is deposited unconformably on the lower sequence, and is composed of ash-flow and ash-fall tuffs that are rhyolitic to dacitic in composition. This sequence is over 1 km thick in high elevation areas.

The mineralized zone is characterized by a low-sulphidation epithermal system containing silica veins, stockwork veins, and breccias. The gold and silver mineralization predominantly occurs along three northwest and west-northwest oriented silicified structural corridors (Figure 1-4). These primary mineralized structural corridors are named after the mineralized areas that they host, and are as follows:

1. The Mariposa-Zapote-Tahonitas trend (the “**Z-T Area**”)
2. The central San Miguel-Noche Buena trend (the “**Central Area**”)
3. The Guadalupe trend (the “**Guadalupe Area**”).

Several other mineralized trends have been recognized including the Orito trends, which intersect the Guadalupe trend, and the Mina showing which may be on a splay proximal to the Orito trend. Between the Guadalupe and Central trends, the Las Primas generative target is a high priority for further follow up, along with the Fresnillo target, between Central and Z-T trends.

Figure 1-4 Los Reyes Structural Corridors



Exploration and Drilling

Historical work by previous owners included soil and rock grab sampling, ground geophysics and both RC and diamond drilling.

Geological mapping by the Company at various scales has been ongoing since 2020, covering nearly the entire property and revealing dozens of previously unknown mineral showings.

Soil sampling programs by the Company have been implemented to also help generate new targets. To date, the Company has collected 3,497 soil samples of which 1,280 were collected in 2023. There are additional soil grids planned for 2024.

Trench and roadcut sampling beginning in September 2019 through November 2020 collected systematic and continuous 1.5 metre samples across mineralized vein systems, frequently at 50 or 100 metre line spacing, or along roadcut outcrop exposures. In all, 2,894 trench samples from 101 trenches, and 2,083 roadcut samples from 92 roadcut exposures were collected. The Company has continued to collect rock samples which include adit, chip, float and grab samples which now total 2,897 of which 382 samples were collected as part of the 2023 geological mapping program. The Company initiated the first detailed helicopter high resolution aeromagnetic and radiometric survey over the Los Reyes Project in March 2021. The survey totaled ~1,060 km and included a helicopter-borne Lidar and Orthophotographic survey.

Drilling in 2021 focused on confirming a few key historic drill holes, testing down dip extensions at each area and testing new and historic prospects. Drill access was hampered by poor road conditions during the first year of drilling. The Company drilled 156 holes in 2021 totaling 35,101 metres.

Drilling in 2022 continued expanding the deposit extensions both along strike and down dip as well as drill testing other showings. Improvements to the road infrastructure provided increased access, particularly to the Guadalupe East and Tahonitas deposits. In 2022, 266 drill holes were completed totaling 74,811 metres. The end of year 2022 was taken as the drill cutoff for the May 2, 2023 resource estimate.

Drilling in 2023 further expanded the deposit extensions as well as drill testing other generative (exploration) targets. Further improvements to the road infrastructure also continued. In 2023, 184 drill holes were completed totaling 58,896 metres. Of these, 117 drill holes (38,816 metres) were related to expanding the resource areas in the three main structural trends (Guadalupe, Central and Z-T). Over 30% of the drilling, 67 drill holes totaling 20,079 metres, were in generative targets. The two main generative targets were Las Primas with 6,032 metres of drilling and Fresnillo with 4,277 metres of drilling.

Mineral Resource Estimate Summary

The Company contracted John Sims, CPG to prepare a Technical Report for its wholly owned Los Reyes Project located in the provinces of Sinaloa and Durango, México. The Company used the Los Reyes Technical Report to support disclosure of an updated mineral resource estimate at the Los Reyes Project. The Technical Report conforms to NI 43-101. The effective date of this Mineral Resource Estimate was May 2, 2023, following a drilling cutoff of December 31, 2022.

The Los Reyes resource model was prepared by the Company, under the supervision of Sims Resources LLC (John Sims, Independent QP). Geologic and estimation domains were constructed using Leapfrog Geo v.2022.1.1, including input from geochemical analyses completed in ioGAS v.8.0. Geostatistical evaluations and Exploratory Data Analysis (EDA), including topcut selection, declustering, variography, and Sequential Gaussian Simulation (SGS) were completed using X10-Geo v.1.4.18.22 and Snowden Supervisor v.8.15. Resource estimation was prepared using Leapfrog EDGE v.2022.1.1.

Gold and silver grades were interpolated into 5x5x5 m block models using inverse distance cubed (ID3) estimation techniques. Search ellipse orientation and radii were selected based on variogram models for each Au and Ag estimation domain, with variable search orientation applied according to the nearest vein midpoint surface in the quartz vein and breccia model. Blocks were classified under the categories of Indicated and Inferred, in accordance with CIM Definition Standards. The Measured resource category was not used in either model because no modern mining has been undertaken at Los Reyes and it is therefore not possible to reconcile the models against production or tightly spaced data such as grade control drilling.

The economic pit-constrained resource estimate was completed by Snowden Optiro. The estimate was prepared using Datamine Studio NPVS, a strategic mine planning software package that generates pit shells based on the economic input parameters, and the Hochbaum Pseudoflow algorithm. The estimate considers blocks of Indicated and Inferred assurance categories only. The selected pit was computed using the NSR cutoff, which was subsequently filtered to include blocks with grades above the 0.22 gpt gold-only cutoff (or other gold cutoff sensitivities using the same methodology). Two processing methodologies were assumed: a mill to process the higher-grade blocks, and a heap leach. Only open pit mining was considered for extraction.

See Table 1-1 for the 2023 resource estimate and Table 1-2 for the mineral resource estimate at various cutoff grade sensitivities.

**Table1-1
Mineral Resource Estimate (0.22 gpt Au cutoff grade)**

Process Stream	Assurance Category	Ore Tonnes (millions)	Average Gold Grade (gpt)	Contained Gold (k ozs)	Average Silver Grade (gpt)	Contained Silver (k ozs)
Mill	Measured (M)					
	Indicated (I)	16.6	1.66	888	60.2	32,182
	<i>M+I</i>	<i>16.6</i>	<i>1.66</i>	<i>888</i>	<i>60.2</i>	<i>32,182</i>
	Inferred	10.8	1.18	411	47.2	16,390
Heap Leach	Measured (M)					
	Indicated (I)	10.5	0.37	125	9.1	3,081
	<i>M+I</i>	<i>10.5</i>	<i>0.37</i>	<i>125</i>	<i>9.1</i>	<i>3,081</i>
	Inferred	7.3	0.37	86	8.3	1,944
TOTAL	Measured (M)					
	Indicated (I)	27.2	1.16	1,013	40.4	35,263
	<i>M+I</i>	<i>27.2</i>	<i>1.16</i>	<i>1,013</i>	<i>40.4</i>	<i>35,263</i>
	Inferred	18.1	0.85	497	31.5	18,334

**Table1-2
Mineral Resource Estimate Au Cutoff Grade Sensitivities**

Gold Cutoff Grade	Assurance Category	Ore Tonnes MMT	Average Gold Grade (g/t)	Contained Gold (koz)	Average SilverGrade (g/t)	Contained Silver (koz)
NSR Cutoff	Measured (M)	-	-	-	-	-
	Indicated (I)	33.3	0.98	1,047	36.0	38,565
	<i>M+I</i>	33.3	<i>0.98</i>	<i>1,047</i>	<i>36.0</i>	<i>38,565</i>
	Inferred	24.0	0.68	527	27.6	21,238
0.22 g/T Au Cutoff (Selected)	Measured (M)	-	-	-	-	-
	Indicated (I)	27.2	1.16	1,013	40.4	35,263
	<i>M+I</i>	27.2	<i>1.16</i>	<i>1,013</i>	<i>40.4</i>	<i>35,263</i>
	Inferred	18.1	0.85	497	31.5	18,334
0.50 g/T Au Cutoff	Measured (M)	-	-	-	-	-
	Indicated (I)	15.8	1.75	891	58.9	29,966
	<i>M+I</i>	<i>15.8</i>	<i>1.75</i>	<i>891</i>	<i>58.9</i>	<i>29,966</i>
	Inferred	9.1	1.37	401	45.4	13,301
0.70 g/T Au Cutoff	Measured (M)	-	-	-	-	-
	Indicated (I)	12.1	2.10	821	69.9	27,309
	<i>M+I</i>	<i>12.1</i>	<i>2.10</i>	<i>821</i>	<i>69.9</i>	<i>27,309</i>
	Inferred	6.2	1.73	345	52.2	10,389
0.90 g/T Au Cutoff	Measured (M)	-	-	-	-	-
	Indicated (I)	9.7	2.43	759	80.4	25,102
	<i>M+I</i>	<i>9.7</i>	<i>2.43</i>	<i>759</i>	<i>80.4</i>	<i>25,102</i>
	Inferred	4.4	2.11	300	57.6	8,172
1.00 g/T AuCutoff	Measured (M)	-	-	-	-	-
	Indicated (I)	8.8	2.59	731	85.6	24,212
	<i>M+I</i>	<i>8.8</i>	<i>2.59</i>	<i>731</i>	<i>85.6</i>	<i>24,212</i>
	Inferred	3.8	2.30	281	59.2	7,208

Notes:

The reported resource estimates consider contained Au and Ag ounces, reported from within economically constrained pits using the following optimization parameters:

1. \$US1700/ounce gold price and \$US22/ounce silver price
2. Mill recoveries of 93% and 83% for gold and silver, respectively
3. Heap leach recoveries of 73% and 25% for gold and silver, respectively
4. 45-degree pit slopes, with an assumed 5% ore loss and 5% dilution factor applied
5. Mining costs of \$US2.00 / tonne of waste mined and \$US2.50/ tonne of ore mined
6. Milling costs of \$US15 / tonne processed and heap leaching costs of \$US4 / tonne processed
7. G&A of \$US1.60 / tonne processed
8. 3% royalty costs and 1% selling costs were also applied

Mineral Processing and Metallurgical Testing

Preliminary mineral processing and metallurgical testing was completed between 1998 and 2012 by previous owners, and most recently by the Company.

Leach testing was completed on composite samples with parameters such as cyanide concentration, pulp density and grind size to determine preliminary recovery parameters and to support recoveries used for this resource estimate.

Preliminary gravity separation and flotation testing has been performed to assist with future flow sheet optimization design.

Environmental Studies and Social Considerations

The environmental conditions of the Los Reyes Project area were documented in an environmental study carried out by Consultores Interdisciplinarios en Medio Ambiente, S.C (“**CIMA**”) in 2021. The study analyzed, characterized, and described the current conditions of the area of interest to help identify future changes that could be the product of the activities carried out by the Company, and to facilitate permitting. The report covered an area of 21,079 hectares, which extends beyond the limits of the Los Reyes claim area.

The Los Reyes concession area does not fall within a designated protected natural area (“Áreas Naturales Protegidas”), area of importance for conservation of birds (as recognized by “Sección Mexicana del Consejo Internacional para la Preservación de las Aves”), and no priority terrestrial regions (“regiones terrestres prioritarias – RTP”) are located within the Los Reyes area. The authors of the report note disturbance in the area due to prior mining activities, as well as agricultural and livestock impact.

CIMA found that the Company has strictly complied with the applicable laws and standards and has received no sanctions from the regulatory entities since the beginning of operations. The Los Reyes Project area does not overlap with, and is not proximal to, any protected wilderness areas.

In 2021, CIMA carried out a socioeconomic baseline study. The Los Reyes project area is divided into the Ejidos La Tasajera (88%), San Antonio del Cerro (5%) and Zapote (7%). The ejido acts as a legal entity and is made up of land for production, common or collective use and human settlements.

The resource estimate is completely contained within the Ejido La Tasajera, and a 15-year (renewable for an additional 15-year period) agreement was signed in 2020, and amended in 2023, for the benefit of the inhabitants and the Company in order to guarantee access and exploration work, while providing a structure to compensate landowners for any disturbance. This agreement includes terms for project construction and operations.

The Company works closely with the ejidos in regard to development, access improvements, water supply, potential employment and other community priorities.

Conclusions and recommendations

Based on the highly prospective geology, size and continuity of the mineralized structural corridors identified to date, including surface and drilling results by both the Company and others, Los Reyes Project mineralization may be more extensive than currently reported.

The Los Reyes Project contains Indicated and Inferred Mineral Resources that are associated with well-defined mineralized trends and models. All deposits are generally open along strike and at depth. The Company believes that Los Reyes has the potential for the delineation of additional Mineral Resources

within the three main trends and that further additional exploration is warranted on new high-priority targets identified from detailed mapping and surface sampling within the Los Reyes Project.

The exploration program should include a phased approach of drilling along the extensions (along strike and at depth) of the known deposits (resource drilling) along with drilling other identified high-priority targets (discovery drilling) as well as other key objectives as listed below:

- Continue detailed field mapping and sampling, rock and soil geochemistry along currently defined and possible new structural corridors.
- Execution of the budgeted 2024 drilling program, consisting of Resource expansion and generative exploration, totaling at least 40,000 metres.

Subsequent year drilling plans will be subject to the Company's overall project development strategy and the success of its 2024 drilling campaign.

Los Reyes Project engineering and advancement: depending upon the results of subsequent drilling and modelling work, market conditions and investor expectations, the Company expects it will continue additional project study and analysis leading to development of a Preliminary Economic Assessment. This process would entail a detailed analysis of processing methodologies, mining methods (open pit vs. underground), infrastructure, initial capital considerations, operating costs, and overall economic returns of the project.

DIVIDENDS AND DISTRIBUTIONS

The Company has never declared or paid any cash or stock dividends on its Common Shares since inception. Since the Company currently has a policy of investing earnings in the expansion of its business, the Company does not anticipate paying cash or stock dividends on its Common Shares for the foreseeable future. Future dividends on its Common Shares will be determined by the Board considering circumstances existing at the time, including earnings and financial condition. There is no assurance that dividends will ever be paid.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists solely of an unlimited number of Common Shares without par value. All the issued Common Shares of the Company are fully paid and non-assessable. Each Common Share entitles the holder thereof to one vote per share at all meetings of shareholders. All the Common Shares issued rank equally as to dividends, voting rights and distribution of assets on winding up or liquidation. Shareholders have no pre-emptive rights, nor any right to convert their Common Shares into other securities. There are no existing indentures or agreements affecting the rights of shareholders other than the notice of articles and articles of the Company.

As of December 31, 2023, there were (i) 143,445,525 Common Shares; (ii) an aggregate of 11,190,000 Options; (iii) an aggregate of 266,667 RSUs; (iv) an aggregate of 372,634 DSUs; and (v) an aggregate of 22,679,064 Warrants, issued and outstanding.

As of the date of this AIF, there were (i) 144,359,505 Common Shares; (ii) an aggregate of 11,431,626 Options; (iii) an aggregate of 722,513 RSUs; (iv) an aggregate of 995,356 DSUs; and (v) an aggregate of 22,553,564 Warrants, issued and outstanding.

MARKET FOR SECURITIES

Market

The Common Shares of the Company are currently listed and posted for trading on the TSX under the symbol “PRYM”, on the Frankfurt Stock Exchange under the symbol “O4V2” and on the OTCQX under the symbol “PRMNF”. For the most recently completed financial year, the Company’s Common Shares were listed and traded on the TSXV from January 1, 2023 – December 4, 2023.

Trading Price and Volume

The following table sets forth the particulars of the trading of the Common Shares on the TSXV from January 1, 2023 – December 4, 2023 and on the TSX from the period of December 6, 2023 – December 31, 2023.

Month	High (\$)	Low (\$)	Volume
January 2023	2.24	1.88	4,595,361
February 2023	2.14	1.70	1,429,741
March 2023	2.65	1.835	5,754,894
April 2023	2.71	2.20	4,868,148
May 2023	2.70	1.82	6,151,537
June 2023	2.18	1.65	2,774,120
July 2023	2.00	1.61	1,540,276
August 2023	1.85	1.45	1,480,482
September 2023	1.58	1.06	2,631,291
October 2023	1.53	1.12	3,882,882
November 2023	1.70	1.26	3,719,311
December 1, 2023 – December 4, 2023 ⁽¹⁾	1.78	1.52	504,711
December 6, 2023 – December 31, 2023 ⁽²⁾	1.73	1.38	5,660,833

Notes:

- 1) In connection with the graduation to the TSX, the Common Shares were halted from trading on December 5, 2023. See “*General Development of the Business – Three-Year History - Fiscal 2023*”.
- 2) On December 6, 2023, the Company graduated to the TSX and delisted its Common Shares from the TSXV. See “*General Development of the Business – Three-Year History - Fiscal 2023*”.

PRIOR SALES

The Company issued the following securities which are outstanding but not listed or quoted on a marketplace during the most recently completed financial year.

Date	Class of Security	Amount Issued	Issue/Exercise Price
February 13, 2023 ⁽¹⁾	Options	700,000	\$1.97
February 13, 2023 ⁽¹⁾	DSUs	307,838	N/A
June 14, 2023 ⁽²⁾	Units	63,025	\$1.79
September 27, 2023 ⁽³⁾	Options	200,000	\$1.08
September 27, 2023 ⁽³⁾	DSUs	64,795	N/A
December 8, 2023 ⁽⁴⁾	Units	82,720	\$1.36

Notes:

- 1) Granted to certain members of management of the Company. See “*General Development of the Business – Three-Year History-Fiscal 2023*”.
- 2) Issued as Advisory Units to an arms-length advisor. See “*General Development of the Business – Three-Year History-Fiscal 2023*”.
- 3) Granted to an officer and director of the Company. See “*General Development of the Business – Three-Year History-Fiscal 2023*”.
- 4) Issued as Advisory Units to an arms-length advisor. See “*General Development of the Business – Three-Year History-Fiscal 2023*”.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

None of the Company’s outstanding securities are subject to escrow. There are no securities of the Company that are subject to any other contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The name, province or state and country of residence, position with and principal business or occupation in which each director and executive officer of the Company has been engaged during the immediately preceding five years, is as follows as at the date of this AIF:

Name, Position, Province or State and Country of Residence	Principal Occupation or Employment for the Past Five Years	Director/Officer Since	Shareholdings (undiluted) (% of total)	Shareholdings (fully diluted) (% of total)
Murray John ⁽¹⁾ <i>Chairman</i> <i>British Columbia, Canada</i>	Corporate Director. Currently: Chair of the Board of Directors of the Corporation and Discovery Silver Corp.; Lead Director of O3 Mining Inc. from July 2019 to February 2024; and a Director of Osisko Gold Royalties Ltd.	May 2020	2,000,000 (1.39%)	3,370,690 (1.87%)
Scott Hicks ⁽⁵⁾ <i>Chief Executive Officer</i> <i>Director</i> Ontario, Canada	Senior Vice President, Technical Services, Geology and Mine Planning at Kinross Gold Corporation from January, 2021 to February, 2022; Vice President, Mine Planning and Technical Evaluations at Kinross Gold Corporation from July, 2013 to January, 2021.	Director since 2024; Officer since August 2022	538,333 (0.37%)	2,139,034 (1.19%)
Andrew Bowering ⁽²⁾⁽⁷⁾ <i>Executive Advisor and Director</i> <i>British Columbia, Canada</i>	President and CEO of Bowering Projects Ltd. since 1992, a mineral exploration and consulting firm. Executive Vice President of the Company from June, 2020 until August 2022.	April 2019	6,513,668 (4.51%) ⁽⁸⁾	8,719,209 (4.84%) ⁽⁸⁾
Daniel Kunz ⁽⁶⁾⁽⁸⁾ <i>Director</i> Idaho, USA	Managing Partner of Daniel Kunz & Associates, LLC, a natural resource-focused consulting company started in 2014.	Officer from August 2019 – February 2024, Director since August 2019 ⁽⁷⁾	1,180,000 (0.82%) ⁽⁹⁾	4,094,325 (2.27%) ⁽¹⁰⁾
Kerry Sparkes ⁽²⁾ <i>Director</i> St. John's, Newfoundland	Professional Geologist	August 2023	300,000 (0.21%)	1,369,030 (0.76%)
Marc Prefontaine ⁽¹⁾⁽³⁾⁽⁴⁾ <i>Director</i> British Columbia, Canada	Mr. Prefontaine is the President and CEO of Angel Wing Metals Inc. starting April 2023. Chief Executive Officer, Orla Mining Ltd. from 2015 until 2019. Chief Executive Officer, Grayd Resource Corp. from 2003 until its sale to Agnico Eagle in 2011.	June 2020	260,000 (0.18%)	1,052,715 (0.58%)

Name, Position, Province or State and Country of Residence	Principal Occupation or Employment for the Past Five Years	Director/Officer Since	Shareholdings (undiluted) (% of total)	Shareholdings (fully diluted) (% of total)
Paul Sweeney ⁽¹⁾⁽³⁾ <i>Director</i> British Columbia, Canada	Independent business consultant since May 2011.	June 2020	750,000 (0.52%)	2,042,715 (1.13%)
Edie Hofmeister ⁽²⁾⁽⁴⁾ <i>Director</i> California, USA	Legal and ESG Consultant. Chair, International Bar Association Business and Human Rights (ESG) Committee. Executive Vice-President Corporate Affairs and General Counsel, Tahoe Resources Inc. from 2010 to 2019. Director, Osisko Gold Royalties, since May 2022; Director, STLLR (formerly Nighthawk Gold Corp.) since Jan 2022, Director, Bitfarms Ltd. since Nov. 2022.	September 2021	6,500 (0.005%)	524,215 (0.29%)
Chantal Gosselin ⁽³⁾⁽⁴⁾ <i>Director</i> British Columbia, Canada	Corporate director since 2013 with 30 years combined experience in mining operations and capital markets. She has a Master of Business Administration, a Bachelor of Science (Mining Engineering) and has completed the ICD – Director Education Program. Currently serves on the boards of a variety of TSX-listed companies in the natural resources sectors.	March 2022	342,400 (0.24%)	860,115 (0.48%)
Scott Smith <i>Executive Vice President Exploration</i> British Columbia, Canada	Geologist. Chief Geologist, Gibraltar Mines Ltd. from February 2015 to September 2021.	Officer since Sept 2021	Nil	999,558 (0.56%)
Ian Harcus <i>Chief Financial Officer</i> British Columbia, Canada	Vice President Finance of Alio Gold Inc. August 2018 to July 2020 and Corporate Controller May 2015 to August 2018.	Officer since August 2020	Nil	855,895 (0.48%)
Indi Gopinathan <i>VP of Capital Markets and Business Development</i> British Columbia, Canada	Ms. Gopinathan acted as Vice President Investor Relations at IAMGOLD Corporation from December 2018 to September 2021. She has been a director of Ascot Resources since September 2021 and joined the Company in April 2023.	Officer since April 2023	Nil	Nil

Notes:

- 1) Member of the Audit Committee.
- 2) Member of the Health, Safety, Environment, and Social Responsibility Committee.
- 3) Member of the Compensation and Human Resources Committee.
- 4) Member of the Nominating and Corporate Governance Committee.
- 5) Mr. Hicks was appointed as the Executive Vice President in August 2022 and as the CEO on February 1, 2024. In connection with his appointment as CEO, Mr. Hicks was appointed to the Board on January 16, 2024.
- 6) On February 1, 2024, Daniel Kunz resigned as CEO and was succeeded by Scott Hicks. See “*General Development of the Business – Three-Year History-Recent Developments*”.
- 7) Of these shares, 1,020,634 shares are held indirectly in the name of Bowering Projects Ltd., a private company controlled by Andrew Bowering.
- 8) Of these securities, 100,000 shares and 100,000 warrants are held indirectly in the name of Daniel Kunz & Associates LLC, a private company controlled by Daniel Kunz.

Term of Office

The term of office for each of the Company’s directors expires immediately before each annual meeting of shareholders.

Share Ownership

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 11,890,901 Common Shares, which represents approximately 8.24% of the Company’s issued and outstanding Common Shares. In addition, directors and executive offices held options to purchase 10,198,095 Common Shares and Warrants to purchase 3,200,000 Common Shares.

The statement as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Company as a group is based upon information furnished by the directors and executive officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted below, none of the directors or executive officers of the Company, is at the date of the AIF, or was within the past ten years before the date of the AIF, a director, chief executive officer or chief financial officer of any other company (including the Company), that:

- (a) was subject to an order (as defined below) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) 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 and chief financial officer.

In this section, “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation.

Except as noted below, no director or executive officer of the Company nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or has been within the past ten years, or within a year of that person ceasing to act in that capacity, a director,

officer or promoter of another company which was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with any creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

Murray John was a director of insolvent African Minerals Limited, a company that appointed Deloitte LLP as its administrator by order of the High Court of Justice, Chancery Division, Companies Court on March 26, 2015.

Effective February 28, 2023, Edie Hofmeister stepped down as a director of Minto Metals Corp. (“**Minto**”). On July 24, 2023, the Supreme Court of British Columbia granted a receivership order appointing PricewaterhouseCoopers as the receiver and manager of all the assets, undertakings and property of Minto.

No director or executive officer of the Company nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has, within the past ten years, declared bankruptcy or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with any creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that director, executive officer or shareholder.

No director or executive officer of the Company nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company has been subject to:

- a) 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
- b) 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

There are potential conflicts of interest to which the directors and officers of the Company may be subject in connection with its operations. All of the directors and officers are, to a greater or lesser extent, engaged in and will continue to be engaged in other corporations or businesses. Accordingly, situations may arise where some or all of the directors and officers will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under applicable corporate law and corporate governance, including disclosing of any interest in a proposed transaction, and abstaining from voting on such matters.

PROMOTERS

No person has been within the two most recently completed financial years or during the current financial year, a promoter of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company and its properties or holdings are not subject to any legal or other actions, current or pending, which may materially affect the Company’s operating results, financial position or property ownership.

Regulatory Actions

The Company has not: (i) had any penalties or sanctions imposed against it by a court relating to securities legislation or by a securities regulatory authority during the most recently completed financial year; (ii) had any other penalties or sanctions imposed against it by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; or (iii) entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

For the purposes of this AIF, “informed person” means:

- a) a director or executive officer of the Company;
- b) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Company; and
- c) any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

No informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction undertaken by the Company during its three most recently completed fiscal years or during the current fiscal year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries, save and except for remuneration for services received by each of the Company’s senior officers in Fiscal 2023.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent of the Company is Odyssey Trust Company. The Company’s register of transfer of Common Shares is located in Vancouver, BC.

MATERIAL CONTRACTS

The Company has not entered into any material contracts during the most recently completed financial year or prior financial year which are still in force and effect and which may reasonably be regarded as presently material.

INTERESTS OF EXPERTS

Davidson & Company LLP is the independent auditor of the Company and is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

The scientific and technical information in this AIF regarding the Los Reyes Project is based on the Los Reyes Technical Report prepared by John Sims of Sims Resources LLC, Damian Gregory of Snowden Optiro and Chantal Jollette of Qualitica Consulting Inc.

None of the aforementioned firms or persons or any of their “designated professionals” as defined in NI 51-102, holds any registered or beneficial interest in any securities or other property of the Company.

INFORMATION CONCERNING THE AUDIT COMMITTEE AND EXTERNAL AUDITOR

Audit Committee Charter

The Company's Audit Committee has a written charter to follow in carrying out its audit and financial review functions (the "**Audit Committee Charter**"), a copy of which is attached to this AIF as Appendix A. The Audit Committee reviews all financial statements of the Company prior to their publication, reviews audits, considers the adequacy of audit procedures, recommends the appointment of independent auditors, reviews and approves the professional services to be rendered by them, and reviews fees for audit services. The Audit Committee meets separately (without management present) with the Company's auditors to discuss the various aspects of the Company's financial statements and the independent audit.

Composition of the Audit Committee

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment. NI 52-110 provides that an individual is "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. The following sets out the members of the audit committee and their education and experience that is relevant to the performance of his responsibilities as an audit committee member. The current members of the Audit Committee are Paul Sweeney, Murray John and Marc Prefontaine, all of whom are independent and all of whom are financially literate as defined by NI 52-110.

Relevant Education and Experience

The Instrument provides that an individual is "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.

All members of the Audit Committee are considered financially literate and have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements).

Paul Sweeney

Paul Sweeney is an independent business and financial consultant with more than 35 years of experience in financial management of mining and renewable energy companies. Previously, he served on the board of directors for Adventus Mining Corporation, and Tahoe Resources Inc. before its sale to Pan American Silver Corp. He was CFO for both Canico Resource Corp. and Sutton Resources and was a senior executive for Plutonic Power.

Murray John

Mr. John currently serves as Chair of Discovery Silver Corp. and is a Director of Osisko Gold Royalties Ltd. Prior to his retirement in December 2014, he was the President and CEO of Dundee Resources Limited and Managing Director and a Portfolio Manager with Goodman & Company, Investment Counsel Inc., where he was responsible for managing Private Equity resource and precious metals focused mutual funds and flow-through limited partnerships. He is also a former director of several other public companies including Breakwater Resources Ltd., Dundee Precious Metals Inc., and Osisko Mining Inc and O3 Mining Inc. Mr. John is a mining engineer and has been involved with the resource investment industry since 1992

working as an investment banker, buy-side mining analyst, sell-side mining analyst, and portfolio manager.

Marc Prefontaine

Mr. Prefontaine has over 30 years of experience working with resource companies including Teck Resources Limited and Hunter Dickinson Inc. He served as CEO of Grayd Resources (2003-2012) which discovered the La India gold deposit in Sonora, Mexico and was acquired by Agnico Eagle Mines Limited for \$275 million. He then co-founded and served as CEO of Orla Mining Ltd. (2015-2019) which was focused on gold development in Panama and Mexico. He was a former principal of Marshall Precious Metal Fund focused on exploration–stage junior mining investment. Additionally, he became CEO of Angel Wing Metals in 2023.

Audit Committee Oversight

At no time during the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, Davidson & Company LLP, Chartered Professional Accountants) not adopted by the Board.

Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on certain exemptions set out in NI 52-110, namely section 2.4 (De Minimis Non-audit Services), subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), subsection 6.1.1(5) (Events Outside Control of Member), subsection 6.1.1(6) (Death, Incapacity or Resignation), and any exemption, in whole or in part, in Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

The following table sets out the aggregate fees charged to the Company by the external auditor in each of the last two financial years for the category of fees described.

	December 31, 2023	December 31, 2022
Audit Fees (1)	\$55,000	\$50,000
Audit-Related Fees (2)	\$29,000	\$23,500
Tax Fees (3)	\$9,500	\$9,500
All Other Fees (4)	Nil	Nil
Total Fees:	\$93,500	\$83,000

Notes:

1. "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
2. "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

3. "Tax fees" include the aggregate fees billed in each of the last three fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. "All other fees" include the aggregate fees billed in each of the last three fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

Exemption

During the most recently completed financial year, the Company relied on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and Options, is contained in the Company's Information Circular dated June 9, 2023 pertaining to the shareholders' meeting held on July 14, 2023.

Additional financial information is provided in the Company's financial statements and MD&A as filed on SEDAR+.

Appendix A – Audit Committee Charter

see attached.

AUDIT COMMITTEE CHARTER

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Prime Mining Corp. (the “**Company**”). The role of the Committee is to provide oversight of the Company's financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies. This includes helping directors meet their responsibilities, facilitating better communication between directors and the external auditor, enhancing the independence of the external auditor, increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Company's external auditor is ultimately accountable to the Board and the Committee as representatives of the Company's shareholders.

Duties and Responsibilities

External Auditor

- (a) To recommend to the Board, for shareholder approval, an external auditor to examine the Company's accounts, controls and financial statements on the basis that the external auditor is accountable to the Board and the Committee as representatives of the shareholders of the Company.
- (b) To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.
- (c) To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- (d) To pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services.
- (e) To obtain and review, at least annually, a written report by the external auditor setting out the auditor's internal quality-control procedures, any material issues raised by the auditor's internal quality-control reviews and the steps taken to resolve those issues.
- (f) To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Company on any aspect of its certification of the Company's financial statements:
 - (i) A member of the audit team that is auditing a business of the Company can be hired into that business or into a position to which that business reports following Committee review and approval;
 - (ii) A former partner or employee of the external auditor may be made an officer of the Company or any of its subsidiaries following Committee review and approval;

- (iii) The Chief Financial Officer (“CFO”) must approve all office hires from the external auditor; and
- (iv) The CFO must report annually to the Committee on any hires within these guidelines during the preceding year.
- (g) To review, at least annually, the relationships between the Company and the external auditor in order to establish the independence of the external auditor.

Financial Information and Reporting

- (a) To review and approve the Company's annual audited financial statements and interim statements with the Chief Executive Officer (“CEO”) and CFO and then recommend approval to the Board.
- (b) To review and discuss with management and the external auditor, as appropriate:
 - (i) The annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and
 - (ii) Earnings guidance and other releases containing information taken from the Company's financial statements prior to their release.
- (c) To review the quality and not just the acceptability of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.
- (d) To review with the CFO any earnings guidance to be issued by the Company and any news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

Oversight

- (a) To review the internal audit staff functions, including:
 - (i) The purpose, authority and organizational reporting lines;
 - (ii) The annual audit plan, budget and staffing; and
 - (iii) The appointment and compensation of the controller, if any.
- (b) To review, with the CFO and others, as appropriate, the Company's internal system of audit controls and the results of internal audits.
- (c) To review and monitor the Company's major financial risks and risk management policies and the steps taken by management to mitigate those risks.
- (d) To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.
- (e) In connection with its review, approval, and Board approval recommendation of the annual audited financial statements and interim financial statements, the Committee will also review and approve the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

Membership

- (a) The Committee shall consist solely of three or more members of the Board, all of which the Board has determined has no material relationship with the Company and is otherwise “unrelated” or “independent” as required under applicable securities rules or applicable stock exchange rules.
- (b) Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
- (c) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
- (d) All members of the Committee must be “financially literate” (i.e. have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement).

Procedures

- (a) The Board shall appoint one of the directors elected to the Committee as the Chair of the Committee (the “**Chair**”). In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
- (b) The Chair will appoint a secretary (the “**Secretary**”) who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- (c) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum and provided that a majority of the members must be “independent” or “unrelated”.
- (d) The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.
- (e) The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the articles of the Company or otherwise determined by resolution of the Board.
- (f) The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants, as it deems appropriate.
- (g) The Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations and shall discuss with the CEO or the CFO such records and other matters considered appropriate.
- (h) The Committee has the authority to communicate directly with the internal and external auditors.

Reports

The Committee shall produce the following reports and provide them to the Board:

- (a) An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.
- (b) A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.