

Environmental, Social and Governance **Report**



About this Report

This is the second report Prime Mining Corp (“Prime” or the “Company”). Prime Mining is reporting on the following guidelines:

- **CDP** - Carbon Disclosure Project
- **GRI** - Global Reporting Initiative
- **GRI-MM** - GRI Mining and Metals Supplement
- **ICMM** - International Council on Mining and Metals
- **ONLYEN** - Institutional and Investor Questions
- **SASB** - Sustainability Accounting Standards Board
- **UNGC** - UN Global Compact

Unless otherwise noted, all data contained in this report covers the following period:

01-01-2023 to 12-31-2023

This ESG report is connected to Prime Mining Corp.’s financial reporting period. The primary focus of this report is: **Los Reyes Gold-Silver Project** (“Los Reyes” or the “Project”) located in **Sinaloa State, Mexico**

Audit Status: Self-Declared

Affiliations: GRI 102-56 | SASB EM-MM-210b.1, Technical Protocols

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About us

Prime Mining, headquartered in Vancouver, BC, Canada, operates its mineral exploration in Mexico, through its wholly-owned subsidiary Minera Amari S.A. de C.V.

Prime is an ideal mix of successful mining executives, strong capital markets personnel, and experienced local operators, focused on unlocking the full potential of the high-grade Los Reyes Gold-Silver project in Sinaloa, Mexico.

The Company has a well-planned capital structure with significant institutional and insider ownership.

Prime Mining's Los Reyes project is located 43 kilometers southeast of the mining-friendly city of Cosalá, Sinaloa. The Company is actively exploring a 6273 hectare land package, and has staked a 7500 hectare land package ("ElRey") to the east of Los Reyes. The project is located in the historically productive Guadalupe De Los Reyes mining district, which has an extensive mining history stretching back to the 1700s.



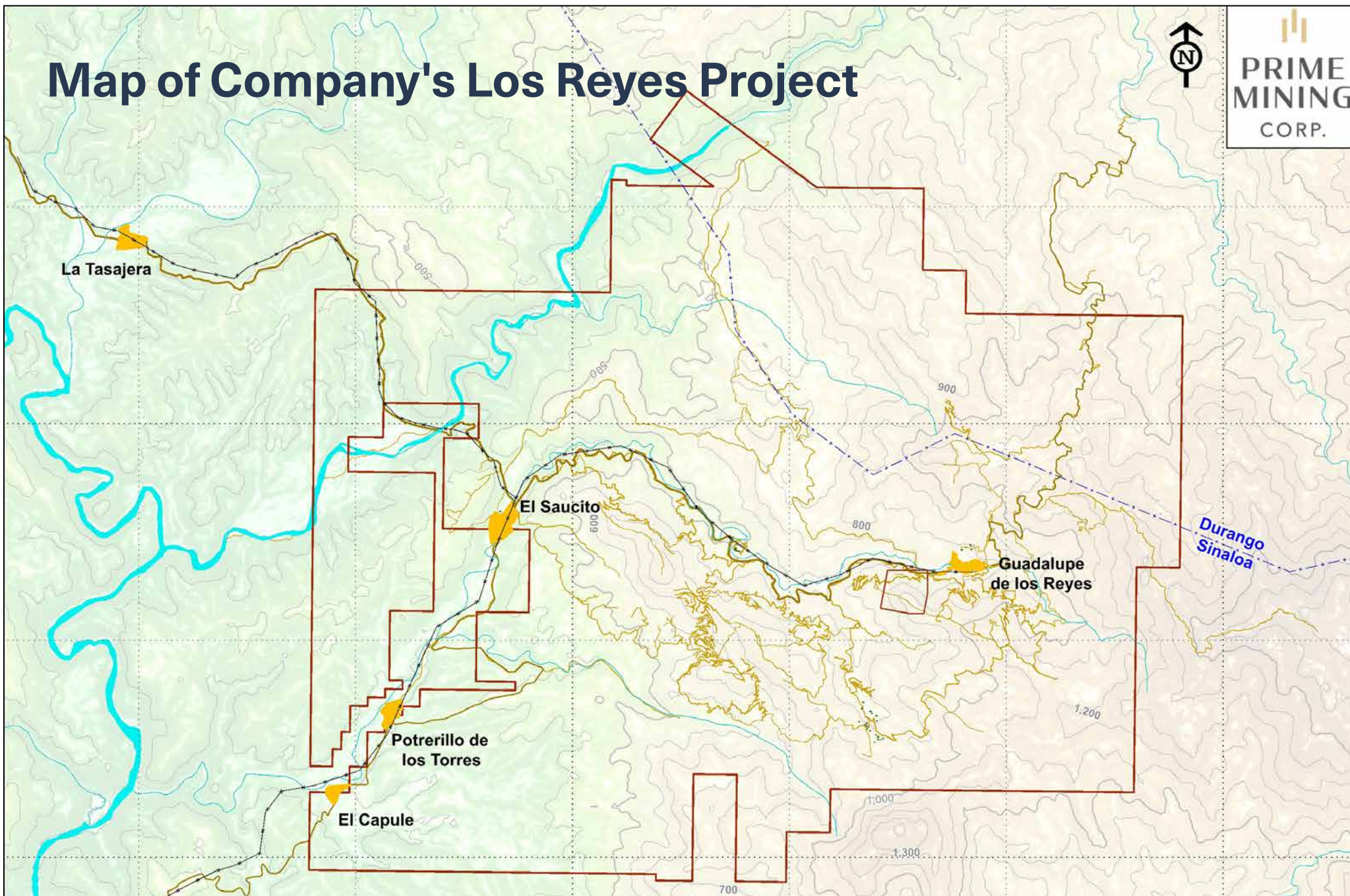
About us

Prime Mining Corp. works to advance the Los Reyes Gold and Silver Project (“Los Reyes”), the Company is focused on three areas:

- i. Health and safety of our team and the communities in which we work.
- ii. Corporate responsibility and governance.
- iii. Use of resources to create maximum value at Los Reyes.

The Company is undertaking a range of activities to help determine the amount and extent of minerals within the project area to evaluate if there is an economic deposit. Those activities follow the federal and state guidelines for exploration within our mineral claims, and include mapping and sampling the surface rocks, as well as taking soil samples. Defining drill targets where we then drill to test the rock at depth, we sample the core or chips returned from drilling and send to independent laboratories to know the amount of the assaying minerals. One half of all core or chips are stored at our facilities after sampling. Modelling of results will facilitate decisions on exploration target prioritization and project development timelines.

Map of Company's Los Reyes Project





At Prime, we believe in integrating sustainability into every aspect of our operation while unlocking the full potential of our high-grade, gold-silver Los Reyes Project in Mexico. Our approach to sustainable development prioritizes community health and welfare and environmental responsibility while enhancing long-term stakeholder value.

Letter from the CEO

Operational Excellence: In 2023, Prime Mining achieved significant milestones, demonstrating our unwavering dedication to sustainable growth and project advancement. This included doubling our gold-silver resource inventory at the Los Reyes Project, publishing our inaugural ESG report, reaffirming our commitment to sustainability in a management-led ESG strategy session, completing nearly 60,000 meters of drilling, strengthening our management team and board with key appointments, and ending the year in a robust financial position, with approximately C\$33 million in cash. We are committed to a safety-first approach to ensure that all of our employees and contractors return safely to their families every day.

With a dedicated team of veteran explorationists, miners, finance and capital markets professionals, and local operators, Prime is guided by the principles of sustainable development in advancing its understanding of Los Reyes.

Environmental Stewardship: At Prime Mining, we recognize the importance of environmental stewardship. We have a rigorous environmental compliance program and work to ensure that our activities adhere to the highest standards of environmental responsibility. Through close collaboration with local partners and stakeholders, we are committed to mitigating our environmental footprint and preserving the natural ecosystems

surrounding the Los Reyes Project. As we progress technical work and embark on permitting activities, we will update and expand the environmental and social baseline studies that our environmental consultants conducted previously, so that we can continue to understand and mitigate the changing nature of our environmental and community impacts.

Community Engagement: Our commitment to community engagement is rooted in respect, dialogue, and collaboration. We understand the significance of building strong, mutually beneficial relationships with the communities where we operate and offering local employment wherever we can. This year we implemented programs to support local farms by building water storage facilities. We provided much-needed supplies to all K-12 schools in 12 different communities within our area of influence based on our 2022 Needs Assessment survey work.

We will continue to support and develop local water and education initiatives as the Company moves beyond exploration into eventual project development. By prioritizing local hiring, community support and fostering open communication, we strive to be responsible corporate citizens and contribute positively to the well-being of our host communities.

Letter from the CEO

Corporate Governance: Prime Mining upholds the principles of transparency, integrity, and accountability in all facets of our operations. With a strong Board of Directors and Management Team, robust governance structures and alignment through insider ownership, we prioritize ethical decision-making and stakeholder value creation. In 2023 we continued our in-person governance training for Mexican and Canadian employees. We also offered a new diversity, equity and inclusion course for key Mexican employees and contractors. All employees will also complete training on the Company's new Integrity Counts Whistleblower platform. The release of our inaugural ESG report and graduation to the main board of the Toronto Stock Exchange in 2023, underscore our commitment to best practices in corporate governance well beyond our small size.

In 2024 and 2025, we will continue to employ the best practices described in this report. We will continue to make decisions in alignment with the United Nations Guiding Principles on Business and Human Rights and the Sustainable Development Goals in keeping with International Council on Mining and Metals Principles. We will also continue to evaluate "best practices" standards and environmental impacts as we pursue mining, processing and waste management project development strategies.

As we embark on the next phase of our journey, we remain steadfast in our pursuit of excellence, sustainability, and responsible resource development. Thank you for your continued trust and partnership as we strive to create a more sustainable future for generations to come.

Best Regards,



Scott Hicks
CEO, Prime Mining



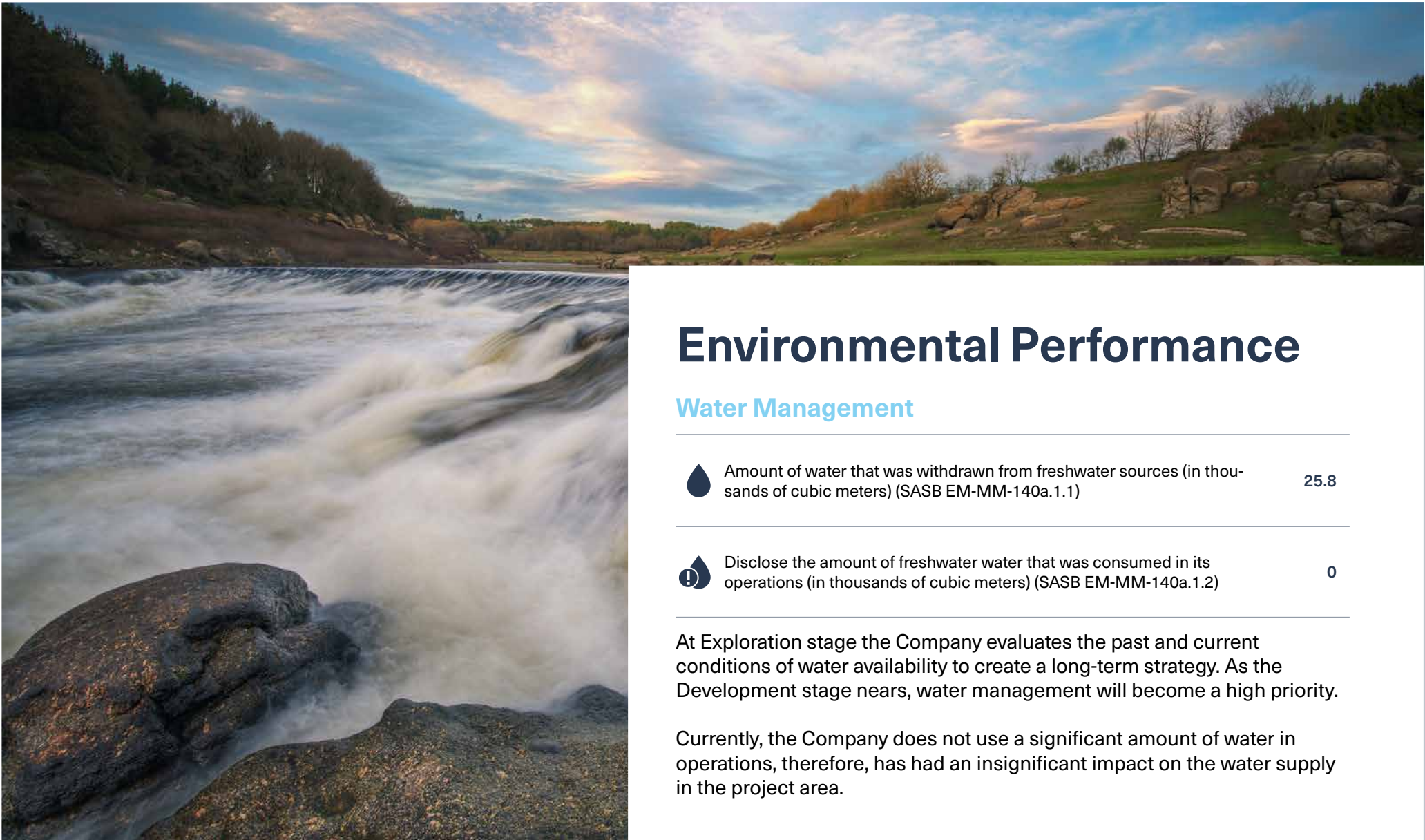


Our Operations

The Company is a junior gold mining exploration company with a subsidiary and operations in Sinaloa Mexico.



Prime undertakes a range of activities to help determine the economic prospectivity of its mining concessions. Those activities follow the federal and state guidelines for exploration within our mineral claims, and include exploration drilling, mapping and sampling the surface rocks, as well as taking soil samples.





Environmental Performance

Water Management

	Amount of water that was withdrawn from freshwater sources (in thousands of cubic meters) (SASB EM-MM-140a.1.1)	25.8
	Disclose the amount of freshwater water that was consumed in its operations (in thousands of cubic meters) (SASB EM-MM-140a.1.2)	0

At Exploration stage the Company evaluates the past and current conditions of water availability to create a long-term strategy. As the Development stage nears, water management will become a high priority.

Currently, the Company does not use a significant amount of water in operations, therefore, has had an insignificant impact on the water supply in the project area.

Biodiversity Management

ENVIRONMENTAL AND BIODIVERSITY MANAGEMENT PLAN(S) IMPLEMENTED AT ACTIVE SITES (SASB EM-MM-160A.1):

There are no formal environmental and biodiversity management plans implemented or required as Prime limits its operational activities in Mexico to drilling. The Company will continue to monitor future activities and will develop formal plans as required to ensure all standards are appropriately met.

The Company obtains all appropriate governmental permits for exploration activities. The Company has been compliant with all government requirements.

DOES ACCESS TO THE SITE INVOLVE TRAVERSING A PROTECTED AREA (ONYEN) NO

There are no site accesses involving traversing protected areas. Affiliations: CDP W8 | SASB EM-MM-160a.3

DO ANY OF THE ENTITIES CONCESSIONS SHARE A WATERSHED WITH A PROTECTED AREA (ONYEN) NO

There are no site accesses involving watersheds shared with a protected area. Affiliations: CDP W8 | SASB EM-MM-160a.3



Greenhouse Gas Emissions

Gross global Scope1 greenhouse gas (GHG) emissions to the atmosphere of the seven GHGs covered under the Kyoto Protocol (tonne CO ₂ -e) (SASB EM-MM-110a.1.1):	1258
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GHG emissions calculations were based on fuel consumption for drilling equipment and light vehicle transportation during the reporting period. The GHG conversion factors used for this calculation are based on the environmental protection agency ("EPA") guidelines.

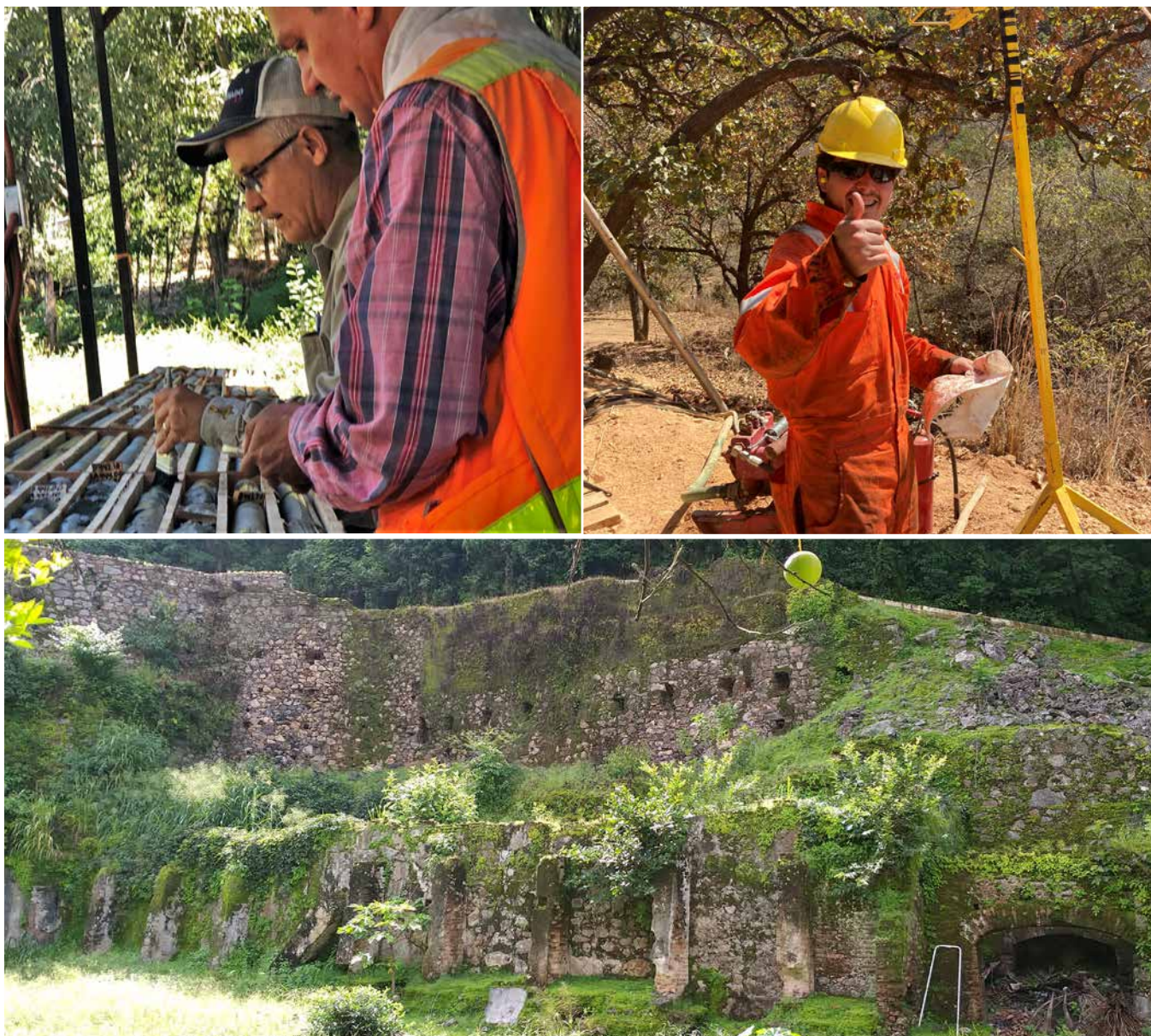
Energy Management

⚡ Total energy consumed in aggregate, in gigajoules (GJ) (hydrocarbons and electricity) (SASB EM-MM-130a.1.1):	152
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Calculations for total energy consumed were based on total fuel consumption and electricity usage during the reporting period.

Waste and Hazardous Materials Management

🗑️ Total amount of tailings waste generated from mining activities by the entity during the reporting period (tonne) (SASB EM-MM-150a.1)	0
♻️ Percentage of tailings waste that was recycled during the reporting period (SASB EM-MM-150a.1)	0



Compliance with Laws and Regulations

Total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by:		GRI 2-27-a	Affiliations: IPIECA "GRI"	
Affiliations: IPIECA "GRI"			Total number of fines for instances of non-compliance with laws and regulations that occurred in the current reporting period	0
Number of instances for which fines were incurred:		0	Total monetary value of fines for instances of non-compliance with laws and regulations that occurred in the current reporting period (\$Million):	0
Number of instances for which non-monetary sanctions were incurred:		0	Total number of fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods:	0
Total number of fines for instances of non-compliance with laws and regulations that were paid during the reporting period (GRI 2-27-b):		0	Total monetary value of fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods:	0
Affiliations: IPIECA "GRI" WEF Pillar 2 (Expanded metrics and disclosures) - Planet - Nature Loss - Impact of land use Pillar 2 (Expanded metrics and disclosures) - Planet - Freshwater availability - Impact of freshwater consumption Pillar 2 (Expanded metrics and disclosures) - Planet - Air pollution - Impact of air pollution Pillar 2 (Expanded metrics and disclosures) - Planet - Solid waste - Impact of solid waste disposal WEF-MSD Pillar 2 (Expanded metrics and disclosures) - Planet - Nature Loss - Impact of land use & conversion Pillar 2 (Expanded metrics and disclosures) - Planet - Freshwater availability - Impact of freshwater consumption and withdrawal Pillar 2 (Expanded metrics and disclosures) - Planet - Air pollution - Impact of air pollution Pillar 2 (Expanded metrics and disclosures) - Planet - Solid waste - Impact of solid waste disposal				
Report the monetary value of fines for instances of noncompliance with laws and regulations that were paid during the reporting period (\$Million) (GRI 2-27-b):		0		



Social Performance

Scale of the Organization

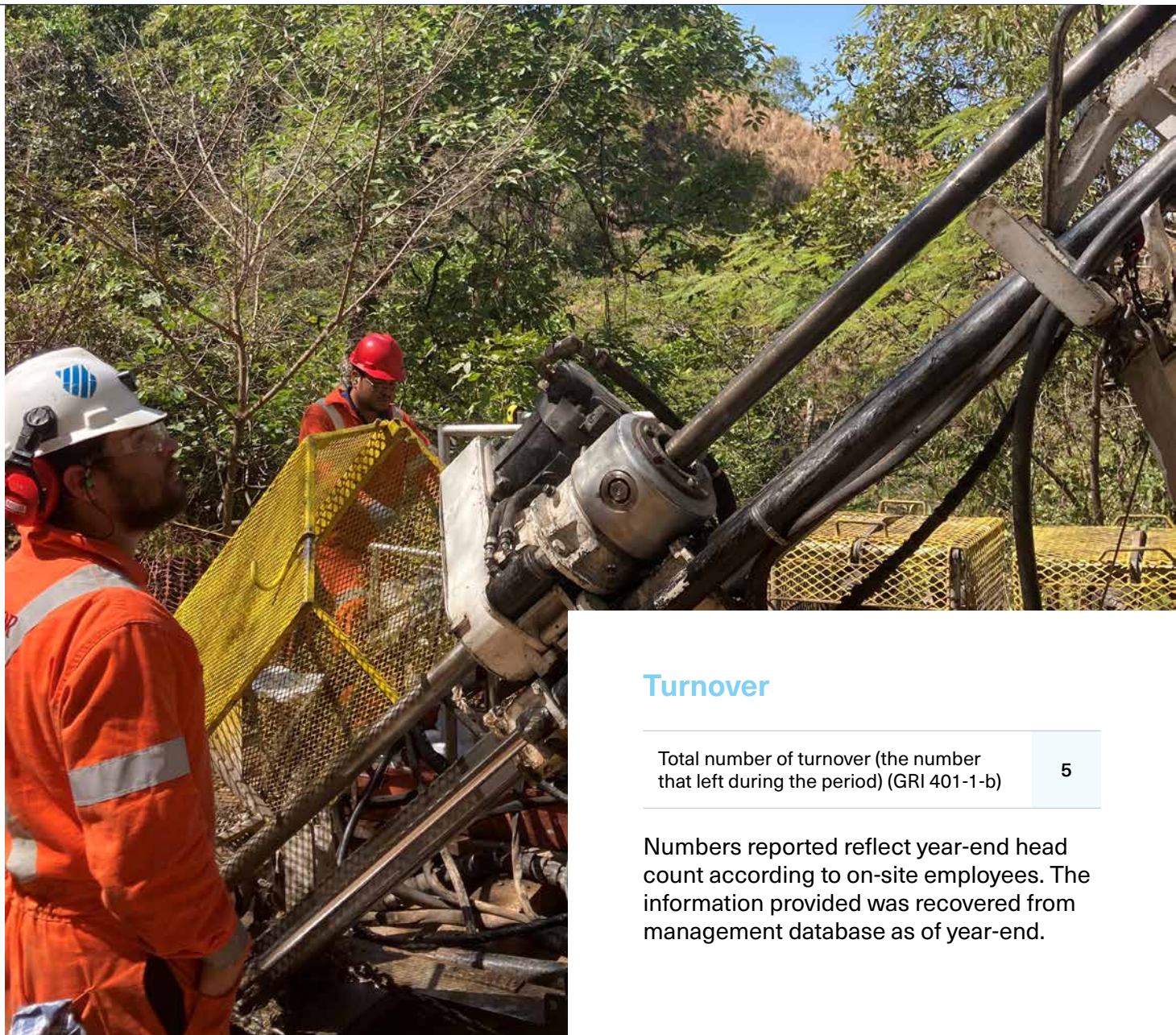
Report the total number of operations (GRI 102-7)	1
Report the total number of direct employees worldwide (exclude contractors) (GRI 2-7)	61
Report the total number of contract employees worldwide (GRI 2-7-b-ii)	5
Female employees and contractors as percentage of total employees and contractors:	14%
Male employees and contractors as percentage of total employees and contractors	86%

Labour Relations

 0.000%

Percentage of total direct employees covered by collective bargaining agreements (GRI 102-41-a)

There is no minimum number of weeks' notice required for employees. The Company adheres to all local laws and regulations.



Turnover

Total number of turnover (the number that left during the period) (GRI 401-1-b)	5
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Numbers reported reflect year-end head count according to on-site employees. The information provided was recovered from management database as of year-end.

Occupational Health and Safety



INJURIES- FOR ALL EMPLOYEES, CALCULATING PER 200,000 HOURS (GRI-403-9-A)

Rate of fatalities resulting from work-related injuries 0

Rate of high-consequence work-related injuries (excluding fatalities) 0

Rate of recordable work-related injuries 0

Lost Time Injuries Rate (LTIR) 0



INJURIES - WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANIZATION (GRI 403-9-B)

Rate of fatalities resulting from work-related injuries 0

Rate of high-consequence work-related injuries (excluding fatalities) 0

Rate of recordable work-related injuries 0

Lost Time Injuries Rate (LTIR) 0

The Company's EVP of Exploration and on-site General Manager are responsible for the health and safety of employees and contractors. Safety training is provided to individuals at site. Risks are assessed consistent with common practice of an exploration stage companies.

There were no work-related injuries in the reporting period.

Identified hazards include, but are not limited to wildlife, working in historical mine conditions (such as, open unsecured shafts, adits and drill holes), extreme temperatures, falls, respirable dust, vehicles, and entering unauthorized areas.

Average hours of Health, Safety and Emergency response training

The health, safety, and emergency response training averaged 9.2 hours for full-time direct employees (SASB EM-MM-000.B EM-MM-320a.1.3) and 7.2 hours for contract employees (SASB EM-MM-000.B EM-MM-320a.1.3) at the company.



Security, Human Rights, and Rights of Indigenous People



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.

There is a risk that Prime could be blamed for environmental changes or perceived social harms to the community. Increased dust, local water consumption, employment, and operational activities may impact local perceptions. Changes to the area may impact local ability to access resources or be seen as threatening to the local community's existing way of life.

Publicity adverse to the Company, its operations, or extractive industries generally, including that from non-governmental organizations who oppose resource development, could adversely effect the Company and may impact relationships with the communities in which it operates.

Percentage of inferred, indicated and measured resources that are located in or near areas that are considered to be indigenous peoples' land	0%
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Number of company operating sites where artisanal and small-scale mining (ASM) takes place on, or adjacent to, the site (not controlled by company/unauthorized) (GRI MM Supplement MM8-2.2)	0
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Disclose the total number of site shutdowns or project delays due to non-technical factors (SASB EM- MM-210b.2.1)	0
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Disclose the total aggregate duration (in days) of site shutdowns or project delays due to non- technical factors (SASB EM-MM-210b.2.1)	0
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Discuss practices and list procedures while operating in areas of conflict (SASB EM-MM- 210a.3.3):

[The Company does not operate in areas of conflict.](#)





Governance

General Disclosure

As of December 31, 2023, the Company's Board of Directors is comprised of eight (8) members, five of whom are independent. They serve on the following committees:

- Audit Committee;
- Nominating and Corporate Governance Committee;
- Health, Safety, Environment and Social Responsibility Committee; and the
- Compensation and Human Resources Committee

The Health, Safety, Environment and Social Responsibility Committee is comprised of all independent members and reports to the Board on a quarterly basis.

Training on ESG topics identified as potentially material to the Company, are offered to the members of the Board of Directors.

1

Number of executive members

2

Number of non-executive members

5

Number of independent members

Ethics and Integrity

Report net production from activities located in the countries with the 20 lowest rankings in Transparency International's Corruption Perception Index (CPI) (Saleable tonne) (SASB EM-MM-510a.2.2)	NOT APPLICABLE
Total percentage of employees that received training on anti-corruption	78.68%


100%

Total percentage of governance body members that have received training on anti-corruption



Remuneration

The Company's senior executives have measurable KPIs that are linked to environmental, social and governance objectives.

Senior management reports to the Board on a monthly basis. Significant issues are noted in monthly reports. Any concern that arise or require timely discussion is communicated to the Board by the CEO as appropriate.

The Compensation and Human Resources Committee works with a third-party compensation advisor who provides benchmarking and recommendations regarding compensation practices. This Committee meets at least biannually to discuss compensation matters.

The Compensation Committee of the Board evaluates compensation practices against Peer Companies and consults with shareholders and governance rating agencies, when appropriate, in the evaluation of Director and Senior Management compensation.





Prime Mining Corp

710 – 1030 West Georgia St.
Vancouver, BC V6E 2Y3 Canada

Contact

Tel: +1(604) 238-1659
Email: info@primeminingcorp.ca

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