



The Value of Our People





We seek to create
shared value with
all stakeholders
in the long term
through our
sustainability
strategy.



► The Compañía Minera Pangea Team.

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The Value of Our People



> **Asset Security,**
always taking care
of the company's
resources.

Presentation

The 2019 Sustainability Report contains the challenges that we faced this year, the commitments that we fulfilled, and the achievements resulting from the work of those who are part of the Company. Therefore, we recognize the value created by our shareholders, employees, and suppliers to generate benefits for our communities, protect our environment, and fulfill our responsibilities to the government.

This report, "The Value of Our People," is a recognition to the individuals around us, their dedication, resilience, and the work of our employees. Furthermore, we appreciate our suppliers' commitment for their support by continuing activities and the social license to operate that our communities provide us.

In addition, in this 2019 report, we will share the social responsibility and sustainability achievements, as well as our vision of the future and our pride of all employees in Compañía Minera Pangea.

GRI 102-42

Scope of this Report

This report includes comments on our strategy, management, policies and relevant information regarding the sustainability of our operations at the El Gallo Complex located in El Magistral community, district of Mocorito in Sinaloa, Mexico, from January 1st to December 31st of 2019.

In order to convey transparency and to demonstrate our commitment to our stakeholders, we created this document voluntarily, striving to provide an objective analysis of our progress, challenges, and the results of our activities.

This report follows the guidelines and standards contained in:

- The Ten Principles of the **UN Global Compact**
- The 17 **Sustainable Development Goals**
- Global Reporting **Initiative Standards (GRI)** Core Option
- Social **Responsible Company Distinctive (ESR)** by Mexican Center for Philanthropy (CEMEFI)



ACKNOWLEDGEMENTS

We would like to acknowledge the work of the entire administrative and operational team who has actively participated in preparing this document, from the initial assessment of the material matters and throughout the compilation process. We also acknowledge the strategic team's contributions in the detailed review of the information presented in this report.

VERIFICATION

This report has been verified on a limited basis following the "International Standard of Insurance Commissions" (ISAE 3000) published by the International Audit and Assurance Standards Council (IAASB).

An independent opinion has verified the key performance indicators in the 2019 Sustainability Report in compliance with the "Ethical Code of Accounting Professionals." Additionally, the report fulfills the international standards independently published by the International Ethics Standards Board for Accountants (IESBA).

All the monetary values are reported in United States dollars (USD), at the exchange rate of 18.8727 pesos per US dollar. Published in "Diario Oficial de la Federación" December 31, 2019.



We seek to create shared value with all stakeholders in the long term through our sustainability strategy.

Message from Rob McEwen

We are proud of the performance of our Mexican operations. Through the dedicated work and leadership of our team in Mexico, we achieved our production goals while maintaining our ethical commitments and prioritizing the health and safety of our employees, as well as protecting the future of our business.

Through our sustainability strategy we seek to share value with all stakeholders in the long term and to participate in the creation and implementation of economic, environmental and social solutions.

Our actions have contributed to strengthening the region in which we operate by generating employment in surrounding communities, contracting numerous local service providers and fulfilling our obligations to the Mexican government.

As a result of our activities thousands of community members are benefiting from our construction of infrastructure and communication lines. In addition, we have invested in education and promoting health and safety within these communities.

As a company, one of our passions is the search for new innovation and technologies for our projects -- One very good example is our Fenix Project where we have proposed an innovative water-saving tailings disposal system that has been approved by the government. This system could well serve as a new environmentally friendly model for dealing with mine tailings in the country.

This 2019 Sustainability Report describes our commitment to creating a positive impact today and beyond the lifespan of the mine, reflecting our belief that we have the opportunity to make a difference in all our endeavors

Rob McEwen
Chairman and Chief Owner.



Message from Our Strategic Team



➤ Our Strategic Team,
leading the operations at
Compañía Minera Pangea.

GRI 102-14 GRI 102-18 GRI 102-23

Adrián Blanco

General Manager



Dear Friends,

This 2019 Sustainability Report is entitled “The Value of Our People” due to the many success stories we have had in our mining operations. We are deeply thankful for the talent and dedication of our Mexico operating team, leadership at all levels in el Gallo, and support of our corporate team from Toronto.

Every day we live by our corporate values. During 2019, we have achieved outstanding goals in priority areas such as environmental protection, innovation, sustainability, as well as health and safety protocols. Once again, exceeding the annual production guidance.

For several years, we have taken on the responsibility of generating our vision of sustainable management in our company. We have participated in projects that seek the usage of clean energy and we have transitioned away from diesel generators. We have also stopped the extraction of water by using the benefit of rainwater in our process, and we have established an agreement to bring cellular communication to our surrounding communities.

At Compañía Minera Pangea, we work together to promote gender equality, to stop violence and to encourage a respectful treatment, relying on the employment of a higher proportion of women in comparison to the National Industry Recruitment average. In the future, we hope that more successful women wish to become part of our Mexico team in Compañía Minera Pangea.

Thus, this report reaffirms our commitment to the United Nations Global Compact and the Sustainable Development Goals. We embrace our responsibility to protect and preserve our planet through the transparency of actions at present and also in the future.

Therefore, I invite you to learn more about our Company, future projects, the great vision that unites us and the value of our people to achieve this vision.



We live by our corporate values, in 2019 we achieved outstanding goals in health and safety, environmental protection, innovation and sustainability...

GRI 102-14 GRI 102-18 GRI 102-23



The most significant challenges have been to preserve human capital because our people are a key factor in our Company...

Santiago Grande

Operations Manager

We maintain a firm commitment to continue our activities at the highest standards of safety, quality, environmental and corporate social responsibility. During the year 2019 we reached our production goals and maintained profitable operations, based only on residual leaching; the commitment and cooperation of everyone on this outstanding teamwork has allowed us to reach production goals.

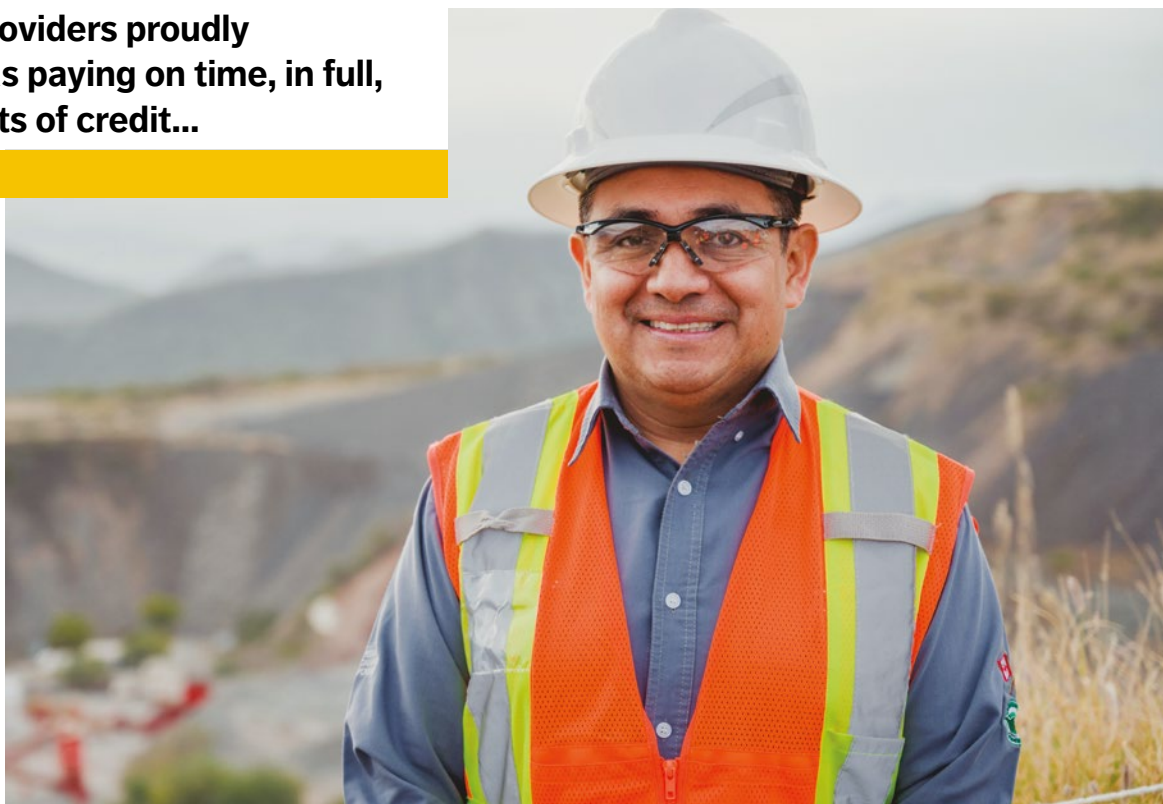
We acknowledge our management team 's efforts in the operational area to overcome every obstacle and achieve every goal.

The most significant challenges have been to preserve human capital while maintaining profitability because our people are a key factor in our Company. Throughout 2019 Project Fenix has been advancing, and we are working to implement the best labor practices from the outset of this project. In our operations, the priority is to continue searching for opportunities for the Company and for our employees' development while managing risk, low costs and high efficiency in our activities.

GRI 102-14 GRI 102-18 GRI 102-23



Our service providers proudly recognize us as paying on time, in full, within the limits of credit...



Alejandro Morales

Controller

We know that 2019 was a year of remarkable challenges, and our main objective since its beginning was to seek the equitable distribution of our financial resources. Our service providers proudly recognize us as paying on time, in full, within the limits of credit.

Our relationship with governmental authorities continues to generate trust in our Company. In these recent years, we have not received audits, revisions or observations in relation to tax compliance and employer obligations. We have earned this trust from the authorities because we confront each situation directly and transparently, giving certainty that we complied with our internal processes and ethics.

The coming years will be crucial for the Company, and we will have to confront complicated situations. With the enthusiasm and dedication of each of our employees, management team and corporation, we will proceed forward to become the company of the region with most employees and service providers for operations.

GRI 102-14 GRI 102-18 GRI 102-23



We want to be leaders in environmental preservation and continue to promote community relationships, which is an essential aspect of this project.

Miguel Barahona

Project Fenix Manager

The fundamental goal of Project Fénix is to achieve continuity in operations. Each ounce produced during the residual leaching process impacts the profitability of our future Project Fenix. Thus, we must optimize the use and management of existing resources during this transformation process.

Our objective is to increase the mine's lifespan by taking advantage of the existing infrastructure while developing additional facilities, technologies, methods, designs and practices, and by remaining competitive and productive at global level. We want to be leaders in environmental preservation and to implement alternative energy sources to improve profits and project conditions. Moreover, we will continue to promote community relationships, which is an essential aspect of this project.

GRI 102-14 GRI 102-18 GRI 102-23



Company Profile



Our main activities are production from gold and silver mines, together with exploration and development of gold, silver and copper projects in the American continents.

ORIGIN **McEwen Mining Inc.** is a registered company in the United States with its headquarters in Toronto, Canada.

GOAL Our goal is to create a strong and profitable gold and silver producer focused in the Americas.

STOCK MARKET **McEwen Mining Inc.** is listed on the **New York**, and **Toronto Stock Exchanges** under the symbol MUX.

SHARES OUTSTANDING

402,490,125*

The organization's economic performance data is available in 2019 Financial Reports and filings attached to the investor relations section at mcewenmining.com

* Shares outstanding refer to stock held by all its shareholders, including investors or institutions who own shares of the Company. Shares outstanding are presented as of August 7, 2020.

> Sunrise at
Compañía Minera
Pangea.

GRI 102-3



Rob McEwen

Chairman & Chief Owner

Rob owns 21% of McEwen Mining, his cost base is US\$ 165 million, his salary is US\$ 1/yr and he takes no bonus or options.

Mr. Rob McEwen is currently Chairman and Chief Owner of McEwen Mining Inc. which has four producing mines, located in Nevada, Ontario, Mexico and Argentina, and also owns a very large underdeveloped copper deposit in Argentina.

Rob and his wife, Cheryl, have donated in excess of US\$ 60 million to encourage excellence and innovation in healthcare and education. Their donations have led to the establishment of the McEwen Stem Cell Institute at Toronto General Hospital, McEwen School of Architecture at Laurentian University, the Rob and Cheryl McEwen Graduate Study & Research Building at Schulich School of Business (York University) and the McEwen Leadership Program at St. Andrew's College.

Rob is a passionate innovator, marketer and an avid recreational competitor. He is also a member of the Dean's Advisory Board, Schulich School of Business; X Prize Foundation: Vision Circle and Board of Trustees; Global Advisory Counsel; ISSCR (International Society of Stem Cell Research); CEO (Chief Executive Organization) and WPO (World Presidents' Organization).

Rob was awarded the Order of Canada in 2007 and the Queen Elizabeth's Diamond Jubilee Award in 2013. He holds an Honorary Doctor of Laws and an MBA from York University and a BA from the University of Western Ontario. Also, he received the 2001 PDAC Developer of the Year Award, was named Canada's Most Innovative CEO in 2006 by Canadian Business Magazine and was inducted into The Canadian Mining Hall of Fame in 2017.

Rob and his wife, Cheryl, have donated in excess of US\$ 60 million to encourage excellence and innovation in healthcare and education.

Where do we operate?

McEwen Mining has a presence in 4 countries in the Americas with operations focused on the production of gold and silver and exploration and development of gold, silver and copper projects.

4

countries

BLACK FOX COMPLEX

Gold

LEXAM

Gold

Timmins, Canada

Nevada, United States of America

GOLD BAR

Gold

EL GALLO

Gold

PROJECT FENIX

Gold and Silver

Sinaloa, Mexico

LOS AZULES

Copper

San Juan, Argentina

SAN JOSE

Silver and Gold

Santa Cruz, Argentina

Note: Minera Santa Cruz is a Joint Venture between Hochschild Mining (51%) and McEwen Mining (49%).

GRI 102-2 GRI 102-4 GRI 102-7 GRI 304-1

> "Central" Pit



Compañía Minera Pangea S.A. de C.V. is a subsidiary of McEwen Mining that operates in Mexico.

It is incorporated as a Public Limited Company, with Variable Capital according to Mexican laws. Its administrative offices are located in Guamúchil, Sinaloa.

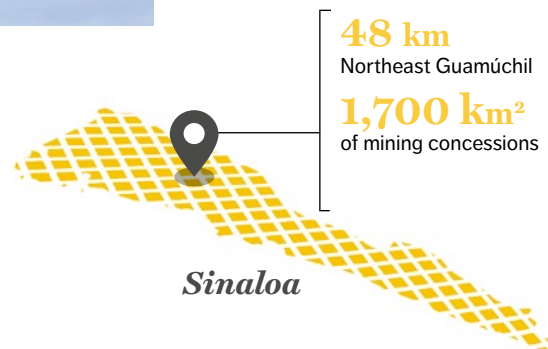
Compañía Minera Pangea contains the El Gallo Complex that includes El Gallo Gold mining operation, Project Fenix, and several other mining deposits in the exploration stage.



GRI 102-1 GRI 102-2 GRI 102-5



> Panoramic view of Leaching Pads



El Gallo Complex

The El Gallo Complex is located in the Sierra Madre Occidental, just 48 kilometers northeast of Guamúchil in the El Magistral community of Mexico's Sinaloa state, and has an area of over 1,700 square kilometers of mining concessions.

McEwen Mining purchased El Gallo in 2007, initiating a significant exploration investment, which was followed by the discovery of silver and gold deposits in 2009. The complex has gold, silver and copper deposits within a 15 km (9 miles) radius, including El Gallo Silver, Palmarito and El Magistral.

The El Gallo Gold mine achieved the first gold pour in September 2012 and began commercial production in January 2013. It operated as an open pit with crushing and heap leach processing at a capacity of 4,500 tonnes of ore per day.



DAILY CRUSHING
CAPACITY

4,500
tons

GRI 102-7 GRI 304-1

In 2019 the processing plant underwent expansions that improved efficiency and enabled faster gold recovery.

2019 Production

From its beginnings in 2012 until 2017, the El Gallo mine operated as an open pit with crushing and heap leach processing. It produced 240,000 gold and 125,000 silver ounces, or 281,000 ounces of gold equivalent.

During the second quarter of 2018, mining and crushing activities ceased with onsite operations continuing through residual heap leaching. El Gallo produced 39,000 ounces of gold and 9,000 ounces of silver from mining and residual heap leaching in 2018.

In 2019 the process plant underwent expansions that improved efficiency and enabled faster gold recovery. El Gallo's 2019 residual heap leaching exceeded expectations by reaching 16,233 ounces of gold and 8,398 silver, a total of 16,333 equivalent gold ounces. Residual leaching costs in 2019 were US\$ 11.6 million, or US\$ 688 per gold equivalent ounce sold, which is 9% less than the previous year's all-in sustaining costs.

During 2020 El Gallo will continue to produce gold through residual leaching while environmental restoration activities are in process.

16,233
ounces of gold

8,398
ounces of silver

16,333
equivalent gold ounces



RESIDUAL LEACHING COSTS

9%

9% less than
2018





> We stored rainwater at Samaniego pit.

Project Fenix

Project Fenix represents the prospective future for the El Gallo Complex. A 2018 Preliminary Economic Assessment (PEA) evaluates the extension of production from the complex.

Project Fenix represents the prospective future for the El Gallo Complex. A 2018 Preliminary Economic Assessment (PEA) evaluates the extension of production from the complex.

In 2019 we continued to advance the development of the Fenix Project, revising the mineral processing, mine sequencing, material transportation and tailings storage options. We also continued to update cost models and additional metallurgical test work. We are refining the current plans with a feasibility study, which we expect to be completed and published in 2020.

Project Fenix involves a two-phase development process. The process plant would use conventional and proven mineral processing and precious metals recovery technologies. Tailings produced during the operation would be stored in a mined-out open pit at the El Gallo Gold Mine. The deposition would include a delivery system designed to maximize tailings consolidation and water recovery.

The project envisions constructing a mill at the existing mine site that will initially reprocess the current heap leach material, and further transition to processing ore from different gold and silver deposits. We expect an average annual production of 47,000 equivalent ounces of gold: a low-initial capital cost and a 10-year life of mine extension.

+10
year life



> Engineer Nayeli Beltrán, laboratory area and ICP Operator.



Our Values

MISSION

To be a company acting in safety and respect for our stakeholders through continuous improvement, and by developing mining projects with responsibility and sustainability.

VISION

To be a profitable gold and silver company with an ethical contribution to the economic and social development in our area of operation.

GRI 102-16

Our business is guided by our business values, which are the foundation of our ethical, responsible and committed conduct towards society.

VALUES

Safety: We are committed to build a safe environment by reducing risks to a minimum through preventive actions within our operations.

Ethics: We act honestly, reliably, and transparently as individuals and with our stakeholders.

Environment: We manage production processes with a sustainable vision that respects the environment.

Respectful Treatment: We create a harmonious work environment where people feel motivated, engaged, and committed.

Social Responsibility: We foster initiatives meant to create a positive impact on our employees and community.

Innovation: We value innovation in our daily processes and activities.

Corporate Governance

Our strategic team is committed to achieving the company's goals related to ethical behavior, health and safety management, environmental performance, regulation compliance, risk, and opportunities. We maintain an ethical, fair, and transparent framework in consideration of our stakeholders.

We know the challenges that we have overcome this year, and we value the experience of our strategic team in the development of plans, the creation of policies and the regular assessment of indicators that have guided the entire company.



Adrián Blanco Sáenz, General Manager

Adrián Blanco Sáenz has a wide international experience in various industrial sectors, holding executive positions in Mexico, the United States, Peru and Argentina. At Compañía Minera Pangea he has been responsible for leading a successful business transformation towards operational discipline, best business practices and financial profitability. He promotes the highest standards of industrial safety, as well as innovation and competitiveness. Additionally, he is responsible for defining the growth strategies to expand McEwen Mining's presence in Mexico.

GRI 102-18 GRI 102-19 GRI 102-20 GRI 102-22 GRI 102-26 GRI 102-30 GRI 102-32



Santiago Grande Fonseca, **Operations Manager**

Santiago understands all the operations of the mine. He is responsible for compliance with all applicable regulations, adequate operational guidelines that improve performance and increase profitability without compromising the health and safety of our employees, and the protection of the environment. His years of experience in operations are fundamental to our projects.



Alejandro Morales Mora, **Controller**

Alejandro has more than 15 years of experience in financial resource management and audit practice. His skills include the development of budgets, the management of suppliers and the application of regulations under the strictest accounting standards. His financial, accounting, and tax knowledge optimize the company's resources. He is currently a member of the Mexican Institute of Public Accountants, the Financial Reporting Standards Commission and the Audit and Witnessing Commission of the College of Public Accountants of Culiacan.



Miguel Barahona Gutiérrez, **Project Fenix Manager**

Miguel has more than 30 years experience in the mining industry; developing projects and managing production and processing in underground and open-pit mines. His expertise will allow the optimal development of Project Fenix from exploration to production through business development, feasibility study, mine plan and production schedule. He has focused on the use and management of each of the resources necessary for the success of Project Fenix.

> Panoramic view
from the El Magistral
community.

Sustainability Business Model

Our business strategy is based in consideration of our employees' work and our daily commitment to our core values. Furthermore, we consider every aspect of exploration and mining operations from short-term, mid-term and long-term perspectives, identifying the risks we face and the opportunities to solve them.

Sustainability is at the center of our business strategy. Our management model includes policies and procedures, such as training, health and safety, respect for human rights and social responsibility. Through this vision, we recognize the importance of our efforts in influencing social, economic and environmental issues.

Our sustainable approach incorporates the most relevant matters:



Quality of life of our employees, **TRAINING AND PROFESSIONAL DEVELOPMENT**



HEALTH AND SAFETY



Engagement with **THE COMMUNITIES**



Preservation of energy, water and **ENVIRONMENTAL RESTORATION**

Our collaborators' work has individual and team objectives, based on a business perspective and, at the same time, on human values. By connecting our strategic business plan with our vision of sustainability, we can measure our performance. We are monitoring the necessary metrics to fulfill the company's objectives and to achieve constant improvement.

From our initial report, we have included in our sustainability strategy the 17 Sustainable Development Goals from the United Nations, addressing the global challenges that we face and that we can collectively solve. Moreover, we made a public commitment to incorporate the most important social responsibility and sustainability initiatives by supporting the United Nations Global Compact, the Social Responsible Company model from the Mexican Center for Philanthropy (CEMEFI), and reporting under Global Reporting Initiative Standards.

We extend formal recognition of the fact that our business activity, investment, and productivity directly affect the society, economy, and environment. We acknowledge our obligation to minimize negative impacts and the privilege to contribute to positive impact and shared value.

GRI 102-11

➤ Armando Contreras,
Exploration Geologist in
Technical Services and
Geology.

Materiality Assessment

The reporting model from the Global Reporting Initiative (GRI) helps companies identify an organization's most relevant matters within an economic, social and environmental framework that influence decisions regarding sustainability and its relationship with stakeholders.

In January 2019, we completed the first materiality assessment within a broader sustainability context that contains the GRI standards and allows us to identify the most material matters.

**As a result
of this analysis, we
identified the
following topics as
most important:**



ECONOMIC IMPACT: economic performance, anti-corruption, legal compliance, business ethics.



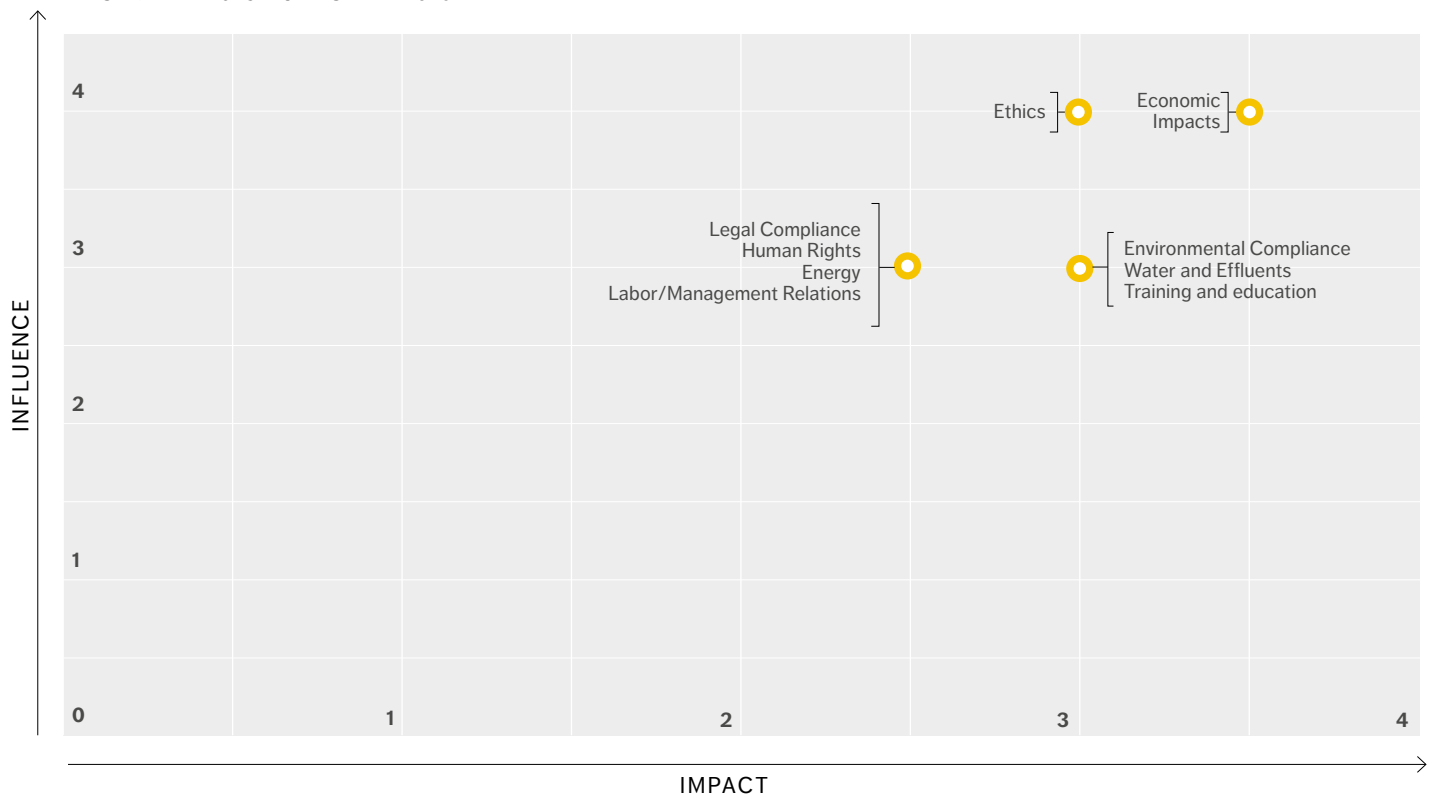
ENVIRONMENTAL IMPACT: Effluent and residuals, disposal of residuals, environmental preservation, water usage, energy and biodiversity.



SOCIAL IMPACT: employer-employee relationships, employment, formation and teaching, and human rights.

Materiality Assessment

DECEMBER 2018 / JANUARY-2019



GRI 102-15 GRI 102-21 GRI 102-31 GRI 102-33 GRI 102-34 GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44 GRI 102-46 GRI 102-47 GRI 103-1
GRI 103-2 GRI 103-3

In this 2019 Sustainability Report, we have included additional topics from the *United Nations Global Compact* and we intend to present and fulfill our 2020 Communication on Progress. Thus, we integrated elements that allow us to measure our contribution to the Sustainable Development Goals.

This 2019 Sustainability Report also includes information based on the management model from the Mexican Center of Philanthropy (CEMEFI) that focuses on four fields (**Business Ethics, Quality of Life in the Company, Environmental Preservation, and Community Relationships**) and respond to the Socially Responsible Company standards

Through this 2019 Sustainability Report of Compañía Minera Pangea, we communicate:



- Messages from the Strategic Team.
- Company Profile.
- Business Ethics.
- Economic Impacts.
- Employment.
- Training and Development.
- Health and Safety.
- Environmental Impacts.
- Social Impact.
- Awards, Initiatives and Alliances.

In this evaluation of our operations' material matters, we decided to take a gradual approach. We first consider local employees throughout the various levels of the organization, since they are our leading source of information, and secondly our strategic team. We believe this analysis provides essential information in understanding relevant topics and indicates our commitment to extend our scope throughout our value chain. As we broaden our vision, we will improve our sustainability performance.





> Sample Preparation
in Technical Services
and Geology

► Finance team in administrative offices.

Business Ethics

Business Ethics



Code of Business, Conduct and Ethics

We believe that we are responsible for acting in an honest, fair, respectful and exemplary manner. The *Code of Business, Conduct and Ethics* requires the highest behavioral standards for all those who are a part of McEwen Mining, and we consider it to be the backbone of our compliance system.

McEwen Mining's *Code of Business, Conduct and Ethics* was approved and signed on January 7th, 2011 and is applicable with all subsidiaries, including Minera Pangea in Mexico. Its policies and procedures demand proper behavior and condemn misconduct. Moreover, it offers strategies to avoid misbehaviors and transgressions.

This Code is available for all employees and stakeholders, and it forms an essential part of commercial agreements, government operations and supplier contracts. It holds everyone with whom we do business to a high ethical standard. Moreover, we shared our values, criteria and culture with our stakeholders to guarantee compliance, transparency and accountability.

The *Code of Business Conduct and Ethics* is publicly available through our Corporate Guidance web page, <https://www.mcewenmining.com/investor-relations/corporate-governance/>.

GRI 102-16 GRI 102-17 GRI 102-29 GRI 103-2



Transparency

We recognize the importance of transparency in our industry, as we face ethical and commercial risks. Therefore, we have taken measures against corruption, to maintain our sustainable approach, reputation and protection of our stakeholders, understanding that negative consequences could affect our position and the company's performance irreversibly.

We comply with every law in the locations where we operate, including all anti-corruption initiatives. Our *Code of Business, Conduct and Ethics* is explicit about this: we do not accept any gift, tip or bribery, moreover, we do not provide any asset of value, either direct or indirect, to political parties or any government official.

According to the *United Nations Global Compact*, all of our operations abide by the highest standards of transparency and anti-corruption.

GRI 102-29

Preventive

As part of our recruitment process, all employees and suppliers are informed about the *Code of Business, Conduct and Ethics* and the *International Commercial and Anti-Corruption Policies*.

Evaluative

All of our employees must participate in performance evaluations regarding their level of knowledge of the *Code of Business, Conduct and Ethics*, and the *International Commercial and Anti-Corruption Policies*.

Punitive

Compliance with the *Code of Business, Conduct and Ethics* is an employment requirement. Failure to comply with the Code may result in the conclusion of the working relationship. Failure to comply with the *International Commercial and Anti-Corruption Policies* may result in the termination of contracts with employees, agents, managers, consultants and other business partners.



> **Alejandro Morales,**
Controller and
Gerardo Inzunza,
Payable Accounts.

Due to our strict enforcement of the Code of Business, Conduct and Ethics in 2019, we received no observations, fine or sanction regarding our operations according to the Foreign Investment Law or all applicable rules. Our fight against corruption is included in our United Nations Global Compact Communication on Progress Report.

> **Oralia Veliz and**
Lucía Rivera at
Guamuchil Office.



Ethics Line

The *Ethics Line* is an essential part of our *Ethics and Corporate Compliance Program*. This line serves as a method to report unethical and illegal conduct, and it provides the necessary tools for the company to solve issues internally.

The *Ethics Line* is entirely anonymous and confidential, providing a reliable method for employees, contractors and suppliers to inform any misconduct without fear of reprisal.

The *Code of Business Conduct and Ethics* states that any misconduct, violation, or controversial ethical behavior must be communicated immediately via phone at *Ethics Line* 001-800-840-7907 or via the web page mcewenmining.ethicspoint.com.

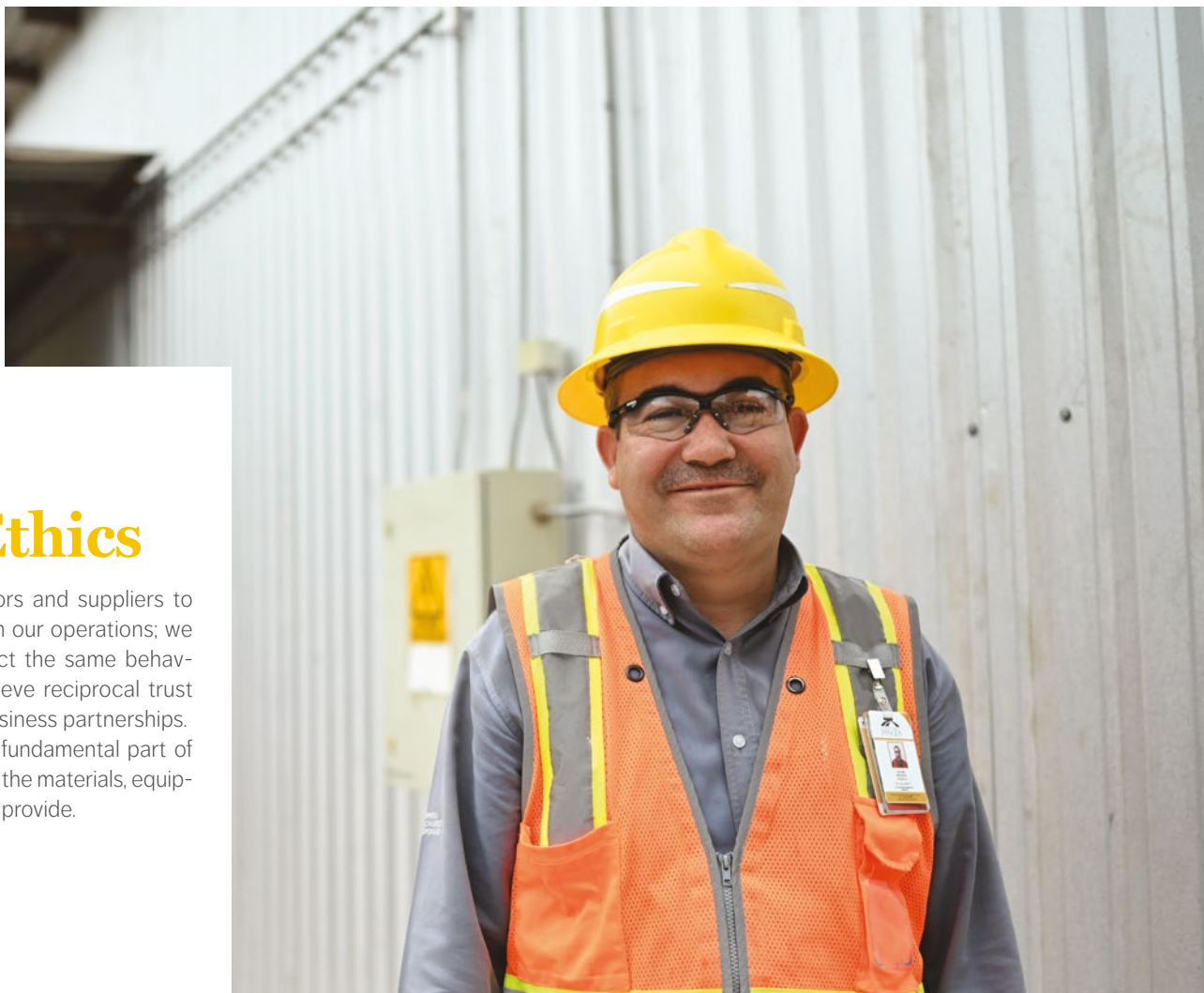
In 2019, we received no reports or complaints at *Ethics Point*, which is monitored directly from the corporate office of McEwen Mining, in compliance with the United States' SOX law requirements.



ETHICS LINE

001-800-840-7907

GRI 102-29



Supply Chain Ethics

We consider contractors and suppliers to be strategic partners in our operations; we act ethically and expect the same behavior from them. We believe reciprocal trust creates long-lasting business partnerships.

Our suppliers are a fundamental part of our value chain through the materials, equipment and services they provide.

Ensuring our partners' sustainability is vital to achieving our company's goals:

- **WE HIRE** our suppliers with transparent policies according to our business's goals.
- **WE PREFER** to work with local suppliers who meet our quality, competition and experience standards.
- **WE PROTECT** the information that we receive from our suppliers and contractors.
- **WE FAVOR** institutions that have received distinctions and awards in social responsibility and sustainability.

> **Oscar Moreno,**
Purchasing and
Warehouse

All supplier relationships must comply with the *Code of Business, Conduct and Ethics* and the *Commercial Policies and Acquisition Procedures*, so that no action related to fraud, bribery or corruption can be tolerated. We also require that our suppliers be respectful towards human and labor rights and towards preserving the environment.



➤ Industrial and Electrical Maintenance Workshop Team.

Respect for Human Rights

We share the principles established in the *United Nations Global Compact*. Consequently, we demand that our collaborators respect human rights in the company. Our policies are explicit: we do not tolerate any situation related to corruption practices, extortion, discrimination, forced work, child labor or any violation against human rights.

> Sample Foundry in
Laboratory Area.



Economic Impact

We ensure direct economic benefits to the communities in which we operate.

One of the most critical components of sustainability is economic development. Profitability and fiscal compliance guarantee the continuity of our company to maintain our 111 employees, to support over 30 communities around us, to invest in infrastructure projects and to generate indirect benefits for our suppliers and contractors.

We provide direct economic benefits to the communities in which we operate. Even though we reduced our operations, we continued investing in these regions to provide benefits. Every year, we distribute part of our budget to support social development, health, education, and environmental initiatives, which we are addressing later in the *Community Engagement* chapter. To date, we still have not measured the indirect benefits of these investments.

We are an important source of employment in the region, either directly or indirectly; we hire as many local suppliers and contractors as possible, and we pay them punctually.

We assess the legal compliance of our suppliers and contractors on an annual basis. If an inconsistency appears, we record the deviation based on our procedures, and we evaluate it again during the next quarter. Failure to achieve compliance may result in the termination of the commercial agreement.

To ensure our business's sustainability, we are stricter each year in all fiscal and accounting matters. Our operations are tax-deductible, which allows us to recover the value-added taxes paid to our suppliers.

We believe that transparency in our financial operations is critical to business expansion, furthermore now that we are in the development phase of the new Fenix Project. Our auditors at Ernst & Young (EY) assess the financial results of the operation according to the regulations and the requirement of McEwen Mining Inc. In 2019 we obtained only minor observations as a result of the internal control audit, which we resolved successfully.

Economic Value Generated and Distributed

We report the financial results of our operations based on the GRI Standards.

We consider the economic value generated as the difference between income and operational cost, salaries, employee benefits, supplier payments, government payments and community investment.



GENERATED ECONOMIC VALUE

US\$ 22,964,009.31.

DISTRIBUTED ECONOMIC VALUE

US\$ 18,586,377.00.

RETAINED ECONOMIC VALUE

US\$ 4,377,632.31.


GRI 102-15 GRI 102-29 GRI 201-1

NOTE: This information does not include depreciation and amortization.

* Reported in US dollars, at the exchange rate of 18.8727 pesos per US dollar. Published in "Diario Oficial de la Federación" December 31, 2019



Employment



> Cristina Beltrán and
Antemio López at
ADR Plant.

We are proud of our collaborators, and we are confident in their talent, skills and daily commitment. We share the vision of the *Sustainable Development Goals*, supporting decent work and economic growth, and the commitment to create employment opportunities that provide benefits exceeding legal requirements.

We are confident that generating employment will create long term opportunities so that our employees, our value chain and our communities can have access to better opportunities and a prosperous life beyond the mine's closing.

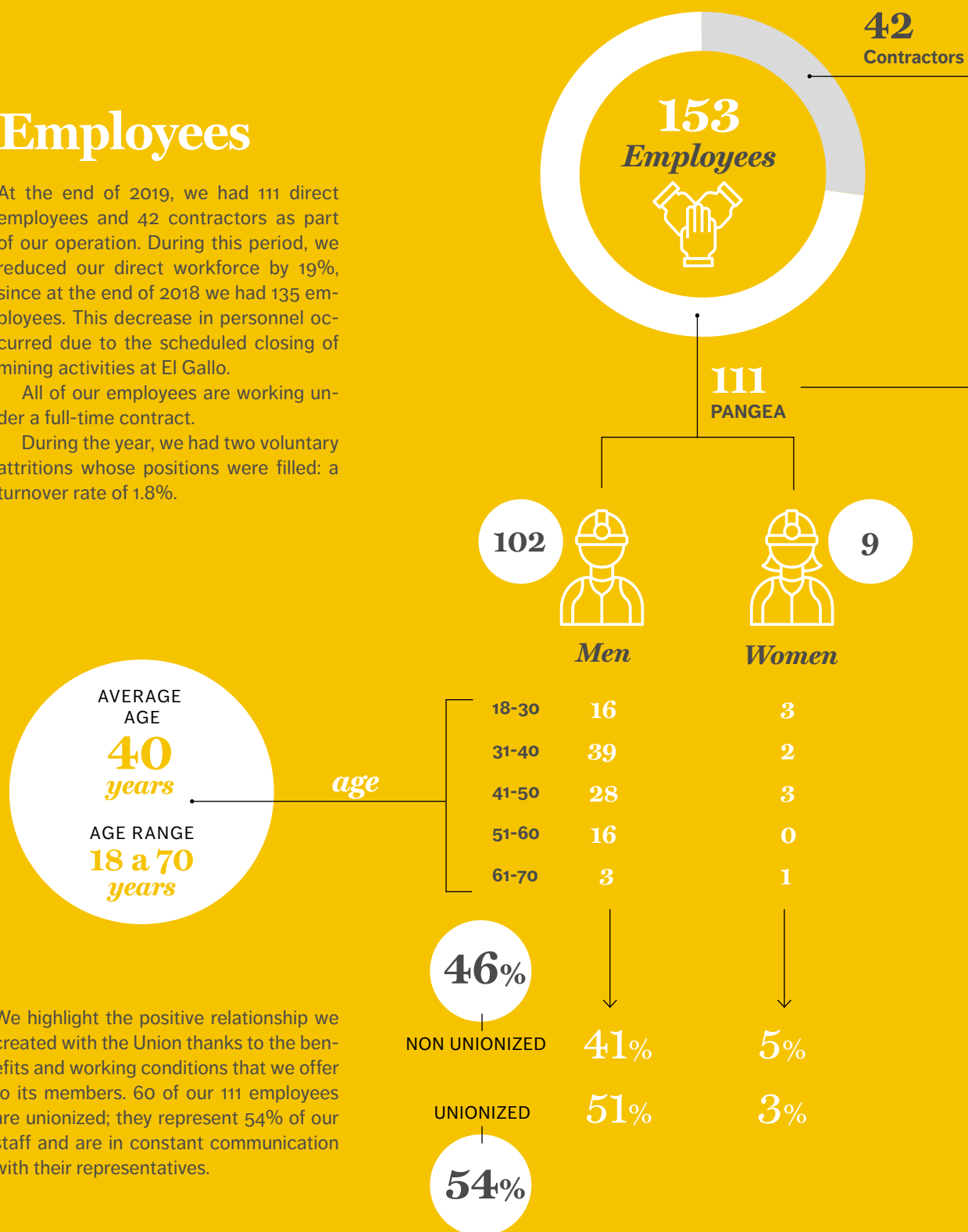
After we concluded the ore extraction and grinding process at El Gallo Gold in 2018, we reduced the number of employees and contractors. Downsizing is always our last option to maintain operations, but under these circumstances we encourage individuals to voluntarily resign in order to pursue their best interest.

Employees

At the end of 2019, we had 111 direct employees and 42 contractors as part of our operation. During this period, we reduced our direct workforce by 19%, since at the end of 2018 we had 135 employees. This decrease in personnel occurred due to the scheduled closing of mining activities at El Gallo.

All of our employees are working under a full-time contract.

During the year, we had two voluntary attritions whose positions were filled: a turnover rate of 1.8%.



We highlight the positive relationship we created with the Union thanks to the benefits and working conditions that we offer to its members. 60 of our 111 employees are unionized; they represent 54% of our staff and are in constant communication with their representatives.

GRI 102-41 GRI 401-1 GRI 407-1

Creating Local Employment

All open positions are posted internally and regionally first. We only recruit people outside the company if candidates with proper training are not available. Our policies and procedures give hiring preference to locals when searching for talent. For example, we recruit all unskilled or temporary labor locally. 82% of our employees in 2019 are from Sinaloa, compared to 79% at the end of 2018.

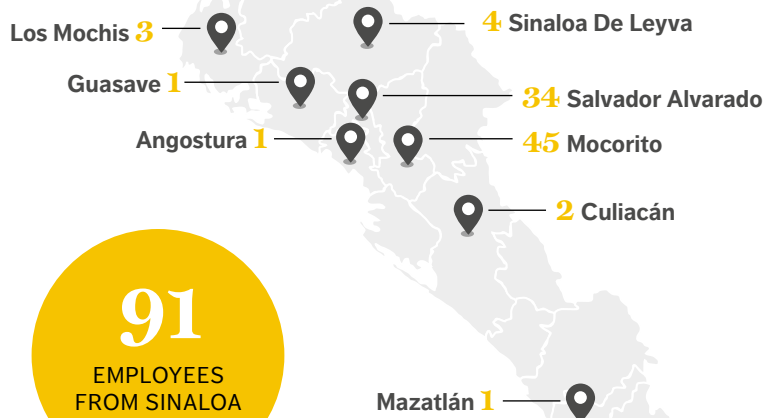
Employees by state

- 91** Sinaloa
- 7** Sonora
- 1** Guanajuato
- 1** Zacatecas
- 1** Nuevo León
- 1** Baja California Sur
- 1** Jalisco
- 1** Chihuahua
- 2** CDMX
- 1** Estado de México
- 3** Coahuila
- 1** Aguascalientes

origin

82%
Sinaloa

Employees from Sinaloa State by municipality



91

EMPLOYEES
FROM SINALOA

We recruit all unskilled or temporary labor locally.

Competitive Income



> Human Resources
and Information
Technologies.

The average income of our employees was 6.9 times above the current General Minimum Wage.

We believe in training our people for long-term development; thus, we must compensate our employees appropriately. Therefore, we exceed the benefits established in the “*Ley Federal del Trabajo*” (*Federal Labor Law*).

Each year, we examine our collaborator’s salaries considering internal and external factors. We based this evaluation on industry comparison studies, which allows us to know and understand salary rates, benefits and other forms of compensation, so that we can offer salaries above average. In 2019 the compensation ratio between management and operating employees was 7.47, and the average income of our employees was 6.9 times above the current General Minimum Wage. Our commitment is to generate income for families. The minimum wage in our company exceeds the official wage published in “*El Diario Oficial de la Federación*” (*Federation Official Gazette*) by 146% in 2019.

The region where we are located is predominantly agricultural, with income levels lower than those of the mining industry. However, the level of income we offer is found in the average salary of the mining industry in Mexico.

The compensation plan we offer to our employees integrates their salary and benefits above legal requirements. We grant additional benefits at all levels of the company by supporting our employees’ education through discounts on tuition at “*Instituto Tecnológico y de Estudios Superiores de Monterrey*”, “*Tec Milenio*” University and the “*Instituto de Capacitación para el Trabajo de Sinaloa*” (*ICATSIN*). Moreover, we provide access to private health services at a reduced cost, including lab work, optical and dental services.

We know that welcoming a baby into the world generates considerable expenses. Therefore, we provide financial assistance to the mother or father employee in the form of a US\$ 317.96 bonus per birth. National health services fully cover all hospital expenses associated with the birth of the baby. In 2019, 4 men utilized the leave of absence benefit and supported their families during their child’s birth. 100 % of them returned to their positions at the end of their permit.

GRI 102-38 GRI 202-1 GRI 401-3 GRI 402-2 GRI 403-6 GRI 404-2 GRI 405-2



JUNTOS POR LA EDUCACIÓN

Como empresa socialmente responsable, en Compañía Minera Pangea estamos comprometidos con el desarrollo de nuestras comunidades y el apoyo a la niñez.

Gracias al apoyo de Compromiso en Tácticas de Seguridad Privada SA de CV (COTASIPRISA) quien donó 200 mochilas para los niños de las comunidades cercanas a nuestras operaciones de la mina El Gallo Gold en coordinación con CMF se pudo realizar un evento para las familias, los maestros y los niños que habitan cerca de nuestra mina.

El evento se llevó a cabo el pasado 8 de mayo en las instalaciones de nuestra mina El Gallo Gold, donde más de 200 personas de las comunidades de Ilocomapa, Las Totonas, La de Gabriel, El Manchón, El Jule, El Pótero de los Pescados y El Magistral pudieron disfrutar de una política de "Educación en Valores", comida y recibieron una mochila para los alumnos que cursan el nivel de primaria.

Effective Communication

We inform our employees regularly. In fact, we have downward hierarchical level communication tools, including informative publications and e-mails, through which we inform employees about the current situation of the mine. As a result, these communication techniques have reduced the effects of staff reduction.

Equity and Equality Opportunities

We based recruitment, promotion and income policies on candidates' knowledge, skills and achievements. We believe all people should have the same privileges and obligations regardless of race, ethnic, cultural or national origin, gender (or gender identity), social condition, belief, religion, political conviction, marital, family or parental status.

8% of our collaborators are women, comparable to the industry average, although we maintain our commitment to promoting diversity and inclusion in our business. Additionally, in cases where men and women have the same responsibilities, they receive equal salaries.



> **Patricio Camacho, Yessica Angulo and Edna Covarrubias. Supply Chain.**

100%
*of our employees
are adults*

Zero Child Labor

100% of our employees are adults. We acknowledge child labor as a violation of fundamental human rights because it deprives children of school attendance and limits their physical and mental development.

Our hiring and recruitment policies comply with the *United Nations Global Compact* principles and the "*Ley Federal del Trabajo*" (*Federal Labor Law*), article 343/C, fraction IX. Therefore, we forbid the hiring of minors under 18 years of age at any of our operations.

> Pledge from
CONOCER certified
employees.



Training and Development



Training creates value for the company and all participating collaborators. Training is important as a strategy to attract and retain the best employees, as well as to strengthen their skills for future development.

Since the reduction of activities in 2018, we have implemented a new training strategy through which we can assess the risks associated with the closing of the mine. The training and certification model was transformed to promote our employees' performance as professionals, technicians and as human beings.

Training opportunities include technical skills according to positions and knowledge transference, enhancements beyond employee responsibilities and safety compliance according to official Mexican norms. These courses are taught by certified personnel contracted internally or externally.

As part of executive development, we also have a leadership training program partnering with the *"Instituto Tecnológico y de Estudios Superiores de Monterrey"* and with the Management Skills Workshop from *"Ibero Coaching"*.

GRI 103-2 GRI 404-2

2019 Training Programs

By the end of 2019, our team had completed 5,618 hours of training, which represents a 67% decrease in time per employee compared to 2018. The reason is mainly due to a decrease in time of language lessons and personal development, yet this new strategy increased specialized skills by more than 30% and industrial safety by 14%.

Our training strategy focuses on improving the sustainability of business practices. Moreover, we have increased training hours in Corporate Social Responsibility, including training in ecoefficiency completed by our management team.

> Training is an essential component in the development of each of our employees.

GRI 102-27 GRI 403-5 GRI 404-1

	MEN	MEN'S TRAINING HOURS	WOMEN	WOMEN'S TRAINING HOURS	TOTAL HOURS
Environmental	38	38	1	1	39
Safety and Industrial Hygiene	111	2,577	9	562	3,139
Specialized Training	57	885	8	152	1,037
Administrative Training	48	166	50	130	296
Personal Safety	9	56			56
Social Responsibility	51	159	4	8	167
Personal Growth	7	20			20
Languages	5	540	3	324	864
Total	326	4,441	75	1,177	5,618

Every year we have increased the training program through specific workshops and certifications coordinated by the Industrial Safety area. Also, in the year of 2019 we provided 2,547 additional hours of training. For more details, please see the section dedicated to this topic.



➤ Vicente López,
Perkin Elmer
Operator



+30%
*Specialized
Training*



+14%
*Industrial Safety
Training*



CONOCER

In 2019, we received the accreditation as *Competency Certification and Evaluation Entity* from CONOCER (*National Council for the Standardization and Certification of Labor Competencies*). As a result, we are able to assess and certify our employees' technical skills based on the competency standards registered in the *National Registry of Competence Standards*.

Since we adopted the CONOCER model, we can emphasize that 19 of our employees have achieved certifications in technical skills, personal growth, communication skills, and industrial maintenance, with 50% of participants having received two or more certifications.

> **Guillermo Corona,**
Training Coordinator
receiving his
Certificate.

**In 2019 we received
the accreditation
as Competency
Certification and
Evaluation Entity
from CONOCER**

Performance Assessment

Annually, employees and immediate supervisors work together to fulfill the Performance and Competencies Assessment, in which we assess their accomplishments along with their skills improvements. Our objective is to align the Company's goals to the areas of each of our collaborators.

We periodically establish performance indicators structured to detect training and development needs. Moreover, we recognize collaborators that exceed their daily work expectations. In 2019 all of our collaborators participated in the performance assessment.

► Technical Services and Geology.



Education

We have provided a basic educational program and ensured its continuation. We are happy to report that in 2019, 9 of our employees have completed their elementary school education. We acknowledge that there is still work to be done, as 33% of our employees have not completed their middle school education.

EDUCATION LEVELS	EMPLOYEES
Illiterate	2
Elementary School	14
Middle School	20
High School	19
College	56
Total	111

NOM/035.

Psychosocial Risk Factors at Work

In 2019 we began implementing the *Official Standard 35 (NOM-035): Psychosocial Risk Factors in the Workplace*. We completed the 1st stage by surveying 100% of our employees according to the Federal Work Department's standards. We also used this opportunity to assess the work environment.

The results revealed low-risk levels for our employees. Due to these results, we will be able to provide more benefits and create new training projects in 2020.

FECHA DE ENTRADA EN VIGOR

La NOM-035-STPS-2018, entra en vigor en dos etapas:

1ª. La política, las medidas de prevención, la identificación de los trabajadores expuestos a riesgos psicosociales, la evaluación de riesgos psicosociales, la información, estarán en vigor **desde el 1 de octubre de 2019.**

2ª. La identificación y análisis de los factores de riesgo psicosocial, la evaluación del entorno organizacional, las medidas de control de riesgo psicosocial, las medidas de control de riesgo psicosocial, estarán en vigor **el 1 de octubre de 2020.**

ASPECTOS IMPORTANTES

- La norma establece la evaluación de los riesgos psicosociales en la que se consideran las actividades laborales, las condiciones de la organización, así como los factores de riesgo psicosocial, en ningún caso se evalúa el estrés en el trabajador o su perfil psicológico.
- No existe la obligación de ningún tipo de certificación.
- Los resultados de certificación no son obligatorios, son una opción positiva que tiene el patrón.
- La STPS no valida, certifica, aprueba o autoriza a ningún empleador para la aplicación de la NOM-035-STPS-2018. El cumplimiento de esta norma para la identificación y análisis de los factores de riesgo psicosocial, la evaluación del entorno organizacional, las medidas de control de riesgo psicosocial, las medidas de control de riesgo psicosocial, estarán en vigor el 1 de octubre de 2020.
- Los niveles de riesgo de estrés psicosocial deben estar en vigor en las evaluaciones.

La norma no cuenta con disposiciones para identificar o evaluar enfermedades mentales, lo cual es tarea de los médicos.

Las disposiciones de la norma aplican de acuerdo con la cantidad de trabajadores que laboran en cada centro de trabajo.

MAYORES INFORMES

Dirección General de Previsión Social

Falla Cuevas 105, Col. del Valle Centro, 06030 Alameda Benito Juárez, Ciudad de México, P.O. Box 6 y 8

Correo electrónico: dgpre@dgpre.gob.mx

Tel: 2000 5100 web:dgpre.gob.mx

TRABAJO

SECRETARÍA DEL TRABAJO Y PREVISIÓN SOCIAL

NOM-035-STPS-2018

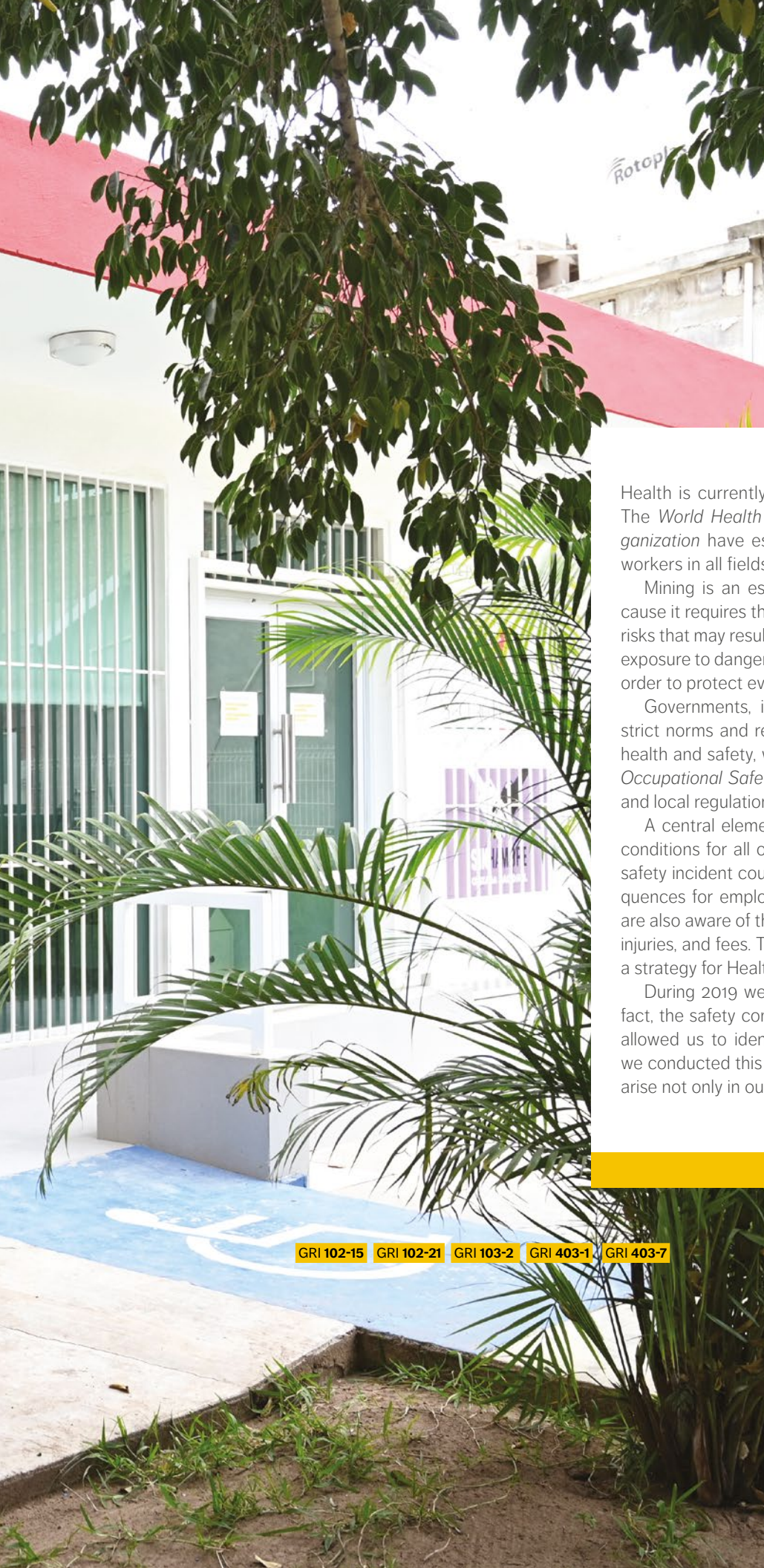
FACTORES DE RIESGO PSICOSOCIAL EN EL TRABAJO

Identificación, análisis y prevención

> The Community Relations and Social Responsibility Team fosters health initiatives.



Health and Safety



We strengthened our safety performance, identifying 400 possible unsafe conditions.

Health is currently one of the main concerns around the world. The *World Health Organization* and the *International Labor Organization* have established global guiding principles to protect workers in all fields.

Mining is an essential activity in the industry; particularly because it requires the most supervision. Professional hazards, health risks that may result in respiratory and cardiovascular diseases, and exposure to dangerous substances require constant observation, in order to protect everyone working on mining sites.

Governments, institutions and associations have established strict norms and regulations for the adoption of best practices in health and safety, which appear in the *Mexican Official Norms, the Occupational Safety and Health Administration (OSHA)* standards and local regulations.

A central element of our daily operations is guaranteeing safe conditions for all our employees. We recognize the risks that any safety incident could represent and the possible long-term consequences for employees, their families, and their communities. We are also aware of the associated costs in terms of productivity loss, injuries, and fees. Therefore, we have formulated and implemented a strategy for Health and Safety that focuses on prevention.

During 2019 we have strengthened our safety performance. In fact, the safety conditions analysis, according to the Bird Pyramid, allowed us to identify 400 possibly unsafe conditions. Moreover, we conducted this evaluation to anticipate risk situations that may arise not only in our facilities, but in the industry at large.

GRI 102-15 GRI 102-21 GRI 103-2 GRI 403-1 GRI 403-7

Health and Safety Model



We foster a culture of prevention in terms of health and safety.

1. Training for Prevention

We foster a culture of prevention in terms of health and safety. Our goal is in particular to eliminate any unsafe action or condition in the work environment. We believe training is the first measure to keep every employee and contractor safe in our facilities. The introductory courses of our training sessions include safety policies, protocols and procedures.

Starting in 2018, we begin each day with a 5-minute conversation with our employees and contractors to increase awareness of the possible hazardous situations in our daily activities and how they may affect our team; 91% of employees participate in these conversations every day.

By the end of 2019, each of our employees received 22 hours of training in industrial safety: a total of 2,547 training hours.

Industrial Safety Training 2019 (By Participant)

PARTICIPANT	DURATION	PARTICIPANTS	HOURS
Visitor	30 min	69	35
Contractor	4 hours	182	728
New employee	8 hours	9	72
Reinduction	8 hours	116	928
5-minute conversation	5 min	9,407	784
Total		9,783	2,547

The topics on industrial safety training included updated protocols on occupational safety, routine training on health and safety and on first aids, and certifications in compliance with in the *Mexican Official Norms*.

Starting in 2019, we incorporated the STOP security tool into the study and laboratory tests monitoring processes. The STOP system acknowledges the importance of leadership as part of the safety program for all collaborators.

GRI 404-1 GRI 404-2 GRI 404-3

GRI 403-1 GRI 403-5 GRI 403-7



Industrial Safety Training (Hours by topic)

TRAINING	HOURS
Mexican Official Norms	331
Safety Stop	54
Occupational Safety and Health	1,207
First Aids	440
Safety Drills	104
Total	2,136

2. Health and Safety Tools

We provide our employees with tools to prevent any incidents, safeguarding the safety of all the visitors and employees in our facilities by providing equipment and conducting regular preventive lab tests. Due to high risk areas identified, we provided personal protective equipment, devices and signaling to minimize any possibility of incidents, following OSHA's (Occupational Safety and Health Administration), which is among the strictest international regulations.

Personal Protective Equipment

In addition to our strict protection measures, we acquired new personal protection equipment that exceeds OSHA's standards. We improved existing facemasks to protect collaborators from vapors and made their use mandatory in our facilities. The active carbon filter cartridge CC/ABEK2 counteracts the fumes produced during different processes. We have also incorporated chemical products detectors that comply with European regulations, which detect different gas categories and concentration levels:

- **A** / Gases from organic compounds with boiling point > 65 °C.
- **B** / Inorganic gases such as chlorine, hydrogen sulfide and hydrocyanic acid.
- **E** / Sulfur dioxide and hydrochloric acid.
- **K** / Ammonia and compounds derived from organic ammonia..

3. Corrective Actions

We evaluate every incident and review all conditions that could represent any hazard to our employees, even those beyond the mine's daily activities, including incidents of commuting, inherent to public health and local diseases. This allows us to implement preventive measures and corrective actions that to improve our safety performance by revising or creating new procedures and specific skill training while purchasing or updating protection equipment to prevent future incidents.

We also evaluate our contractors, by reviewing their safe work policies and permits and by demanding compliance with all health and safety requirements. They must follow the same standards as our collaborators.

Health and Safety Communications

Beyond our facilities and daily work, the health of our collaborators is fundamentally important. We have integrated messages in our internal communications to prevent diseases related to the region's temporary and associated risks.

We periodically give out manuals that address immediate risks or we mitigate recent incidents. For instance, in the year 2019 we published three informative brochures: *Defensive Driving Outside the Mine*, *A Christmas without Incidents* and *Winter Season Health Care*.

We added the United Nations commemorative dates and recommendations contained in the Sustainable Development Goals, aligning ourselves with global health initiatives.

Beyond our facilities and daily work, the health of our collaborators is fundamentally important.

GRI 403-1 GRI 403-7 GRI 404-2



> Miguel Caro and Juan Carlos Hernández.
First Aid Training

Health and Safety Compliance

We abide by the health and safety Mexican laws according to current legislation:

- Mexican Official Norm NOM-019-STPS-2011: Regarding the constitution, integration, organization and function of the safety and hygiene commissions in the workplace to prevent, oversee and investigate accidents and occupational diseases.
- Mexican Official Norm NOM-019-STPS-2011: Regarding underground and open-pit mines occupational health and safety conditions.



➤ Safety and Industrial Hygiene Team.

Self-Management Program for Health and Safety at Work

We voluntarily participate in the “Self-Management Program for Health and Safety at the Workplace” promoted by the Secretariat of Labor and Social Welfare, based on the Article 130 of the Federal Regulation on Safety, Hygiene and the Work Environment and by Mexican Official Norm NOM-030-STPS-2006.

This program contains occupational standards on safety and health to protect our employees by adopting guidelines to:

- **CONTINUOUSLY** improve safety prevention standards.
- **PROMOTE** compliance with self-evaluation outlines.
- **STRENGTHEN** the prevention of accidents and occupational diseases.
- **REDUCE** accidents and illnesses related to production activities.
- **REINFORCE** the promotion of the “Self-Management Program of Health and Safety.”

GRI 103-2 GRI 403-1 GRI 403-4 GRI 403-7



Prevention of Occupational Diseases

We continue carrying out laboratory tests, in order to prevent occupational diseases and improve the efficiency of every project. The standards that we adopted exceed those established in the NOM-030-STPS-2012 and OSHA.

We implemented new prevention strategies, such as through measuring concentrations of mercury-lead in blood. The NOM standards require annual testing, but our internal practices state that once the ten micrograms per deciliter limit have been detected (a third less than NOM standards), testing must be done quarterly.

Due to residual leaching activities continuing throughout 2019, we resumed spirometry and audiometry studies.

> **Jose Marino Camacho,**
Nucleus Transfer.
Technical Services and
Geology.

Laboratory Tests for Employees

LAB TEST	FREQUENCY	EMPLOYEES	TESTS
Stress and X-rays	Annual	39 exposed	39
Mercury and lead testing	Biannual	33 exposed	66
Blood pressure and glucose	Biannual	132 exposed	264
Audiometry	Annual	39 exposed	39
Spirometry	Annual	39 exposed	39
Lead in Blood	Biannual	33 exposed	66
Total			513



Special Handling Products

We are concerned about the safety of our employees. Therefore, we understand the risks associated with exposure to hazardous substances in their daily activities, including handling diesel, chemicals used in leaching processes and in the lab. We are ensuring that our employees are certified and in strict compliance with the official norm regarding safety and hygiene in the workplace for the handling, transportation and storage of hazardous chemical substances (NOM-005-STPS-1998).

	PRODUCT	AMOUNT USED	UNIT
1	Acetylene	463.50	Kg
2	Hydrochloric acid	9	Kg
3	Nitric acid	168,307	L
4	Sulfuric acid	2	Kg
5	Sodium Cyanide	1,760,746	Kg
6	Diesel	987,120	Kg
7	Liquefied petroleum gas	357,398.3	Kg
9	Sodium sulfide	106,200	Kg
10	Calcium oxide	667,000	Kg
11	Ammonium nitrate	328,810	Kg

GRI 403-1 GRI 403-7



Accidents and Incidents

The safety of our collaborators, contractors and visitors is of priority. Training, prevention, and provision of personal protection equipment have become part of our culture of prevention and safety.

For the last three years, we have worked to improve our safety performance, and our employees have responded to these efforts. In 2019, we completed 362 days without disabling accidents (including collaborators and contractors) or 500,000 person-hours.

DAYS WITHOUT ACCIDENTS IN 2019

362

EQUIVALENT TO **500,000** Person-hours.

* **Accidents:** Consequence of the physical conditions of the environment.
Incidents: Consequence of human action or omission.

ACCIDENTS AT COMPAÑÍA MINERA PANGEA (EMPLOYEES AND CONTRACTORS INCLUDED)

2017 → 2018 → 2019
12 → **2** → **1**

Accidents at Compañía Minera Pangea

DATE	TYPE OF INJURY
12/07/2019	Dehydration

Incidents at Facilities

DATE	TYPE OF CONTINGENCY
01/30/2019	Ingot mold fell into slag cone
01/30/2019	CPU short circuit in site
02/13/2019	Utility vehicle 686 collision at the parking lot (mirror damaged)
04/29/2019	Utility vehicle collision against the outer fence
07/02/2019	Motor grader collision against tree branch (windshield damage)
07/07/2019	Excavator damaged SFCI signal cable
08/02/2019	Telehandler damaged Cyanide storage door's lower rail
08/03/2019	Utility vehicle collision between units 688 and 689 (parked)
08/14/2019	Back window damaged by equipment not properly secured
08/30/2019	A worker fell when sitting on the perimeter chain
09/09/2019	Utility vehicle collision against trailer at the patio 37 area
09/11/2019	Cyanide solutions spill on a drilling staff member while running tests
09/27/2019	Welder fell with the safety harness on, into cyanide solution container
10/20/2019	Utility vehicle collision against the perimeter fence
11/25/2019	Solution spill on a worker at the filter press area
12/02/2019	Slag spill on worker retrieving sample from furnace

GRI 403-1 GRI 403-2 GRI 403-7 GRI 403-9



> **Jesús López y
Alain Díaz. Heavy
and Light Equipment
Maintenance.**

We registered 32 contingencies between accidents and incidents. According to established procedures, each one was analyzed by the *Health and Safety Committee*, who performed a root cause assessment and evaluated the risks, implementing corrective and informative actions that may prevent future recurrences.

We are convinced that we must continue working to improve the prevention of incidents. Consequently, we report for the first time incidents outside our facilities, including commuting to the worksites and third-party incidents.

Incidents Outside the Facilities

DATE	TYPE OF CONTINGENCY
02/20/2019	Community motorcycle collision against the rear of a utility vehicle
03/13/2019	Worker sprained ankle on the way to his car
05/16/2019	Community truck collision against utility vehicle
06/13/2019	Community member took down a drone
06/22/2019	Diesel subtraction from well water extraction pump
07/05/2019	Utility vehicle collision at the office parking lot
07/08/2019	Worker's motorcycle collision against community vehicle
08/16/2019	Community vehicle collision against utility vehicle
08/23/2019	Utility vehicle impacted with an animal on the road
09/23/2019	A person fell ground level distance at Community project opening event
11/11/2019	Cattle hit worker riding motorcycle
11/12/2019	Worker sprained ankle before getting on transport vehicle outside the mine
12/21/2019	Tire damaged on the way back from running a paperwork errand in a different city

Contractors' Incidents

DATE	TYPE OF CONTINGENCY
02/31/2019	A person fell from a scaffold in the absence of ADR plant personnel
08/14/2019	Back window damaged by improperly secured equipment

GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-7 GRI 403-9

➤ Hernán Beltrán,
Jorge López and Noé
Chávez, Ecology and
Environment.

Environmental Impact



Mining activities have environmental consequences: they alter the land, consume natural resources, emit dust, and deposit an assortment of hazardous residue. We are responsible for mitigating our environmental impacts. Decisions made regarding environmental matters have a direct influence on the future sustainability framework of the business.

Our environmental approach is fundamental to our sustainability strategy. Our commitment continues beyond complying with applicable laws and regulations. We establish stricter standards by incorporating the ten principles of the *Global Compact* and the *Sustainable Development Goals* into our business practices.

We want to minimize possible environmental damage; therefore, our environmental management procedure is to take a precautionary approach. We monitor our performance through environmental controls, and we are prepared for any potential emergency caused by an environmental incident.

We have established controls to protect the environment and maintain sustainable mining. We continuously monitor energy consumption, responsible water usage, proper handling of chemical residuals, and the correct disposal of end residuals.

We fulfill current environmental authorizations and licenses. Our prevention measures have been verified and approved by the *Secretariat of Environment and Natural Resources (SEMARNAT)*; they include the mitigation and compensation of the potential environmental footprint, oriented towards the correct impact management for soil, air, water, flora, and fauna. In 2019 we received no observation, fine or sanction related to our environmental performance.

GRI 102-29 GRI 103-2 GRI 307-1

> Industrial
and Electrical
Maintenance Team



Energy

Due to the mining industry's intensive energy needs, the management of energy consumption has become even more relevant. The environmental standards and global trends in energy have focused on efficiency, emission reduction alternatives, environmental impact assessment and cost reduction as part of a sustainability strategy.

While it's true that diesel generators have met our energy needs, the reduction in the extraction and crushing activities has also allowed us to reduce the consumption of fossil fuels. It has allowed us to explore more cost-efficient alternatives with fewer legal restrictions and better environmental performance.

We completed the connectivity process and began using electricity from *Federal Electricity Commission (CFE)* at the end of 2019. Although we have internal electricity meters, CFE meters help us gather data to compare consumption efficiency and cost in times of high and low demand, providing a more precise performance measure.

We are continuing to evaluate projects that would allow to make our energy consumption more efficient. In 2019, we completed the energy supply assessment for Project Fenix with the *National Center of Energy Control (CENACE)*; with the results obtained, we decided to suspend the project because it is not flexible enough for future developments.

During 2019 we replaced diesel generators with electrical generators with an estimated benefit of US\$ 63,500 monthly and a complete return on investment within the current fiscal year. Another bonus was the noise reduction in our facilities, improving occupational health conditions.

In 2019 we began evaluating alternatives based on gas generation and turbines, which seem promising. Previous studies estimate a 30% increase in efficiency compared to our current technology. In the future, we will establish new systems to audit energy use, which will contribute to the success of Project Fenix.

During 2019 we replaced diesel generators with electrical generators with an estimated benefit of US\$ 63,500 per month.



TOTAL ENERGY CONSUMPTION IN
COMPAÑÍA MINERA PANGEA

9,551,760
x 10⁶ Jules

Energy Consumption

TYPE	AMOUNT	UNIT
Gasoline	91,147	L
Diesel	784,125	L
Natural gas	357,398	L
Electricity Generated	1,522,684.80	KW/H
Electricity Acquired from CFE	584,219	KW/H
Solar	1,112	KW/H

Energy Intensity

In conjunction with our total energy consumption, energy intensity allows us to analyze our energy efficiency. Energy intensity ratios define energy consumption within the context of an organization-specific metrics.

For 2019 we established that our current denominator considers energy consumed among the ounces produced. It is imperative to clarify that our operation is in a residual leaching phase, with no extraction or crushing activities. Therefore, the metrics comparison may vary.

To become more cost and energy-efficient, we migrated from a diesel-based to an electricity-based production model. Using electricity from CFE (*Federal Electricity Commission*) and reducing diesel consumption and emissions, we report positive outcomes for the environment and our organization.

Therefore:

Energy usage 9,551.73 GJ / production 16,393 equivalent oz = 0.58 GJ/Oz.

While this is the first time that we have reported this standard, we seek to establish a precedent for a future report. We also plan to review and refine the process and to further improve the analysis by reporting a metric that reflects our activities and efficiency more accurately.

Energy Consumption

We report our energy consumption, including self-generated energy and acquired energy used in our administrative and mining facilities. The total energy consumption at Compañía Minera Pangea was 9,551,760 x 10⁶ Jules.

From January to November 2019, the total electricity consumption was self-generated, allowing an energy measurement based on monthly usage and costs.

Regarding fuel consumption, we can observe a 55% reduction in diesel compared to last year, mainly attributed to the cessation of extraction activities and the installation of gas-based generators. We are reporting this standard for the first time.

In terms of renewable energy, we are maintaining the eight photovoltaic modules destined for communications and internet access, which provide less than 0.05% of our annual energy requirements.

GRI 302-1 GRI 302-3 GRI 302-4

GHG Emissions

Mining operations present significant challenges to achieving sustainability. Their facilities are far from the cities, and physical movements demand substantial amounts of fuel for self-generation, which in addition to the one provided by national networks, contributes significantly to GHG emissions.

In 2019 our greenhouse effect gas emissions decreased by 22% compared to last year. We attribute this change to three main factors: first, that the extraction and crushing activities ceased in 2018, second, the installation of gas generators, and finally, the interconnection with the *Federal Electric Commission* networks. This analysis allows us to identify more precisely the origin of our GHG emissions:

- **DIRECT SCOPE:** Self-generated energy in our operations, including gasoline, diesel, and propane.
- **INDIRECT SCOPE:** Energy supplied by the *Federal Electricity Commission*.

22%
less emissions
than in the
previous year



> Our plant nursery grows more than 50 different species.

GHG Emissions

REACH	NUMBER	UNIT	CO2 EQUIVALENT (T)
Direct	1,435,755	L	3,442.00
Indirect	1,130,573	KW/H	517.80
Total			3,959.80

Emissions Intensity

In 2019, we reported the Emissions Intensity records for the first time and the Energy Intensity. This report demonstrates our denominator’s calculations by dividing the GHG (Direct scope + Indirect scope) by the total number of ounces produced. Since we are in a transition phase, metrics for Energy Intensity may vary in future reports.

Therefore:
GHG Emissions are: 3,959.80 T CO2 Equivalent / production 16,393 equivalent ounces = 0.24 T CO2 Equivalent / Oz.

We have not yet established a specific project for GHG reduction because our operational priority is to identify opportunities to improve energy efficiency.

> We protect the natural bodies of water in the region.



Water

Mining requires considerable amounts of water in its daily operations, including for production processes, suppressing dust on roads, reforestation, cleaning the sites and for the proper functioning in terms of hygiene in administrative offices.

We believe that we must reduce the impact of our operations through the responsible use of natural resources. We have established processes for safe water discharge and preventive measures that protect underground water.

We measure water volume based on the daily pumping data to the heap leaching and other areas of the process and the water invoices from the *National Water Commission (CONAGUA)*.

GRI 303-1 GRI 303-2 GRI 303-3 GRI 306-1
GRI 306-5



> **Water quality review process.**

Water Management

During the last two years, we have improved water management by migrating from water well extraction to stored rainwater at Samaniego and Lupita pits, which in 2019 stored 291,412 m³ of water.

We currently have the concession from CONAGUA for the use of 150,000 m³ of water from the Sinaloa river basin to meet our operative needs. However, in 2019 we invested in equipment, so all the water used to continue operations at El Gallo comes from rainwater.

As a preventive measure, we will maintain all the equipment and licenses to resolve any contingency or in case it is required by the future Fenix Project.

Only water from the well can be used for consumption, so we estimate our water footprint at 2% of our closed water circulation circuit, which in 2019 reached 4,970,363 m³.

We extracted 8% more water in 2019 compared to 2018 because we provided it to the communities, as explained in the *Community Engagement* section.

Water Consumption

ORIGIN	USE	M ³
Water Consumption	Process	99,930
Water From Pits	Road Irrigation	8,400
Total		108,330

Wastewater Transfer

We have zero discharges to natural water bodies, protecting aquifers, lakes and rivers. Therefore, in 2019 no natural body of water was affected by our operations. All discharges originated from our activities were transferred to suppliers with environmental management certifications.

Discharges from our administrative offices go to the local sanitary sewers.

Transferred Water

SERVICE	SUPPLIER	M ³
Discharge of septic tanks	Drenax S.A. de C.V.	50.00
Portable Toilets	Ecología, Vida y Salud. S.A. de C.V.	40.63
Total		90.63

0%
*discharges into
natural water bodies.*

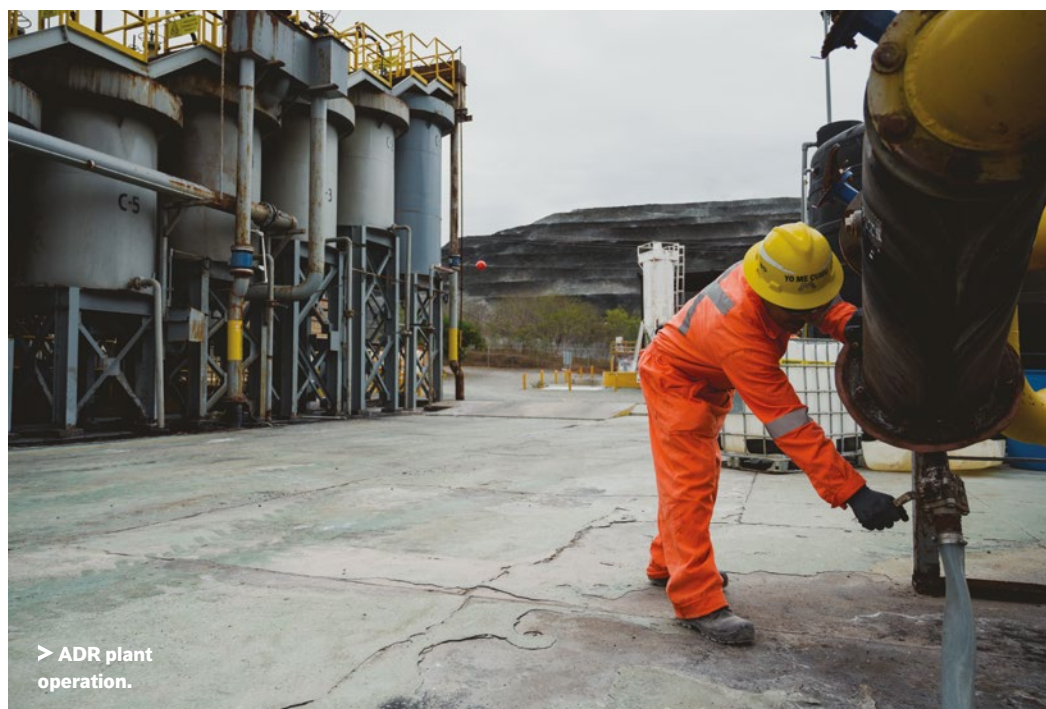
GRI 303-1 GRI 303-3 GRI 306-1 GRI 306-2 GRI 306-5

Waste Management

We strive to reduce residuals from our operations. Therefore, we must guarantee legal compliance of waste disposal to minimize our environmental footprint.

In 2019, we ensured the correct handling and disposal of 55,561 kg of hazardous residuals stored in our facilities and that will be transported by a certified collection and disposal company in compliance with applicable laws. For cyanide disposals, we work with certified companies registered by the *National Cyanide Management Code*, which guarantee that they operate under safety and environmental protection protocols, as well as contingency plans.

We discharge non-hazardous residuals, such as paper and electronics, through social initiatives that we describe in the social impact section.



Waste Disposal 2019

TYPE	SUPPLIER	DISPOSAL METHOD	KG
Used Automotive Oil	Bao Ingeniería y Servicios S.A de C.V.	Confinement	5,120
Acids and Reagents	Bao Ingeniería y Servicios S.A de C.V.	Confinement	2,987
Accumulators Used	Bao Ingeniería y Servicios S.A de C. V. Battery Plus S.A. de C.V.	Confinement	1,399
Aerosol Sprays	Bao Ingeniería y Servicios S.A de C. V.	Confinement	160
Hydrocarbon Contaminated Water	Bao Ingeniería y Servicios S.A de C. V.	Confinement	5,920
Paint Cans	Bao Ingeniería y Servicios S.A de C. V.	Confinement	72
Used Ink Cartridges	Bao Ingeniería y Servicios S.A de C. V.	Confinement	100
Fluorescent Lamps	Bao Ingeniería y Servicios S.A de C. V.	Confinement	90
Alkaline Batteries	Bao Ingeniería y Servicios S.A de C. V.	Confinement	15
Solids Contaminated with Cyanide	Bao Ingeniería y Servicios S.A de C.V. Corporativo King, S.A. de C.V.	Confinement	28,088
Automotive Maintenance Solids	Bao Ingeniería y Servicios S.A de C. V.	Confinement	9,810
Contaminated Soil	Bao Ingeniería y Servicios S.A de C. V.	Confinement	1,800

GRI 306-2 GRI 306-4



Our comprehensive plan goes beyond transplanting and sowing; it also considers replacing topsoil.

Biodiversity

Restoration

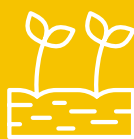
Our activities can have a significant effect on biodiversity and can impact the ecosystems, plants and wildlife. The restoration program requires considerable financial investment and strict control in mitigating the consequences of our operations. Our comprehensive plan goes beyond transplanting and sowing; it also considers replacing topsoil.

In 2019, we advanced our restoration work as planned, beginning the rehabilitation works, smoothing the slopes at the San Rafael and Samaniego waste dumps, removing more than 367,866 m³ of waste. This plan will be completed in 2020 by adding another 191,801 m³.

The restoration works covered a 15.1-hectare area, placing 26,746 m³ of fertile soil and accomplishing the commitments established in 2018.

AREA	TOTAL PROJECT VOLUME	VOLUME MOVED IN 2019	2020 PLAN
	M ³	M ³	M ³
San Rafael	484,612	354,903	129,709
Samaniego	75,066	12,974	62,092
Total	559,678	367,877	191,801

GRI 102-15 GRI 103-2 GRI 304-3



REPLACED
TOPSOIL

26,746 m³

Our plant nursery has monitored the growth of more than 20,000 plants of 50 different species. During the year, we planted over 5,200 species (25% of our nursery's capacity) to restore areas covering 5 hectares at the San Rafael pit and 3 hectares at the Lupita pit. All the species planted are native to the region and they are transplanted only once they achieve a 90% survival rate.



PLANTED
SPECIES

5,204

GRI 304-2 GRI 304-3

Species Restored 2019

NO.	COMMON NAME	SCIENTIFIC NAME	SPECIMENS
1	Acacia	Acacia Sp.	240
2	Agustina	Cryptostegia grandiflora	250
3	Amapa	Tabebuia penthapylla	287
4	Amole	Agave vilmoriniana	80
5	Ayale	Crescentia alata	115
6	Bainoro Negro	Pisonia capitata	195
7	Berraco	Stemmadenia palmeri	75
8	Bainoro	Celtis pallida	50
9	Brazil	Hematoxilum bracleto	141
10	Binolo	Acacia cymbispina	162
11	Binorama	Acacia farnesiana	355
12	Cacachila	Karwinskia humboldtiana	155
13	Cardón	Pachycereus pecten/aboriginum	60
14	Ceiba	Ceiba pentandra	13
15	Cedro	Cedrela oderata	128
16	Copal	Bursera penicillatum	12
17	Copalquin	Coutarea pterosperma	20
18	Cuilon	Mimosa purpurancens	115
19	Dais	Acacia spp	82
20	Ebano	Caesalpinia sclerocarpa	60
21	Guamuchil	Pithecellobium dulce	203
22	Guasima	Guazuma ulmifolia	135
23	Guayacan	Guaiacum coulteri	10
24	Huaje	Leucaena leucocephala	130
25	Huanacastle	Enterolobium cyclocarpum	65
26	Huizache	Caesalpinia cacalao	71
27	Junco /Retama	Parkinsonia aculeata	140
28	Manzanilla	Perityle microglossa	20
29	Mauto	Lysiloma divaricata	269
30	Mezquite	Prosopis juliflora	110
31	Mora	Maclura tinctoria	1
32	Palo blanco	Ipomoea arborecens	112
33	Palo chino	Havardia mexicana	60
34	Palo colorado	Caesalpinia platyloba	340
35	Palo fierro	Pithecellobium mangense	162
36	Palo pinto	Pithecellobium tortum	212
37	Palo zorrillo	Thounidium decandrum	135
38	Papache	Randia echinocarpa	43
39	Papachio	Randia mitis	20
40	Papasoltli	Erytroxylum mexicanum	35
41	Pionia	Erythrina lanata	195
42	Pochote	Ceiba aesculifolia	14
43	San Juan	Jacquinia pungens	14
44	Siviri	Cylindropuntia alamosensis	2
45	Tepeguaje	Lysiloma acapulcensis	1
46	Venadillo	Swietenia humilis	110
Total			5,204



Protected Species

We acknowledge our responsibility to preserve protected species. By taking the appropriate measures, we believe that we can maintain sustainable biodiversity.

In 2019, we continued to comply with established protocols by official norms (*NOM-059-SEMARNAT-2010*). In our restoration program, we seeded 415 specimens from 3 different protected plant species.

SPECIES	SCIENTIFIC NAME	NOM-059-SEMARNAT-2010	SPECIMENS
Trumpet Tree	Handroanthus Impetiginosus / Tabebuia Crysantha	Endangered	287
Cedro	Cedrela Odorata	Special protection	128

We also continue to monitor endangered species in compliance with *NOM-059-SEMAR-NAT-2019*. Since 2019, we decided to restrict activities that could modify the behavior of some species, consequently, we removed the water troughs used during drought seasons that will not be available after the mine closure. We have also taken measures to eradicate non-native species, capturing and transporting 50 dogs to specialized shelters.

SPECIES	FAMILY	COMMON NAME	STATUS NOM-059	ENDEMISM	CITES*
Aratinga Canicularis	Psittacidae	Orange Front Parrot	Subject to special protection	Non Endemic	Yes
Ctenosaura Pectinata	Iguanidae	Iguana prieta	Endangered	Endemic	Yes
Masticophis Flagellum	Colubridae	Chirrionera	Endangered	Endemic	Yes

* Convention on International Trade in Endangered Species of Wild Fauna and Flora.



Since 2019, we decided to restrict activities that could modify the behavior of some species.

> Celedonio Heraldez, executing reforestation activities.

GRI 304-3

> Construction of paved
road from El Chinal to El
Valle de Leyva Solano.

A surveying instrument, likely a total station, is mounted on a yellow tripod in the foreground. The instrument has a yellow body and a black control panel with a small screen and various buttons. In the background, a dirt road is under construction, with a yellow excavator and several workers visible. The landscape is arid with sparse vegetation and hills in the distance under a clear blue sky.

Special Report: Communication and Development

“Information is fundamental to social and economic activities that build the development process. Telecommunications, as a way of communication, is not just a connection between people, but another link in the development process itself.”

Heather Hudson, 1995, World Bank

Despite the significant progress in technology and telecommunications services, rural areas do not have the infrastructure for telecommunications. As an example, thousands of people still live without basic cell phone services. By improving telecommunications infrastructure, we meet health, safety, educational and technological development needs.

For this reason, in recent years we started to look for alternatives that allow communication in our communities, stretching beyond the life of mine, as there are currently internet services which depend entirely on our operations. Nevertheless, technical obstacles have limited our efforts.

In 2019, in partnership with Telcel, we concluded the necessary arrangements to install the first cell phone tower within the El Gallo area. This initiative provides telephone and internet access independent of our operations. The benefited communities include Bacamopa, Nacimiento, El Rincón, El Ranchito, Magistral, Potrero de las Perdices and Lo de Gabriel. The range of usage is between 5 to 20 km, depending on the landscape of the area.

With this project, we promote social and educational development conditions and generate long-term benefits, which extend beyond the mine closure.



**> Maintenance
to Transmission
Antennas.**



> Abel Montoya,
Community Relations
and Israel Muñoz,
Comissariat from
El Valle de Leyva
Solano.

Communities



PEOPLE
BENEFITED
73,748
TOTAL INVESTED
**US\$
101,711**

Mining can generate benefits for the communities in which we operate. It creates employment opportunities, develops skills, diversifies the economy, and develops communities. We are committed to build relationships in communities and contribute positively to their life quality.

Understanding the needs of our employees, forging alliances, and participating are essential for our operations' success. Therefore, we are looking forward to creating shared value with the community through the promotion of human rights, education, health, investment in community projects, respect for local culture and traditions, while always maintaining open communication.

In the past few years, we have established community relations programs using the following strategy:

1. Education and Skill Training
2. Child Care
3. Infrastructure Development
4. Well-being for Family and Community
5. Respect for Local Culture
6. Participation with Social Benefit Organizations
7. Donations
8. Environmental Culture
9. Response to Chemical Emergencies
10. Sport Promotion

We understand that to transform our communities, basic needs like health, safety, and transportation must be satisfied. To achieve this, we must foster alliances with the local government and civil organizations.

In 2019, we invested a total of US\$ 101,711 in community engagement programs, generating benefits for 73,748 people.



Education and Skills

Local development is directly related to education. It is essential to foster learning of new skills, reinforce acquired knowledge, and facilitate adequate spaces to share knowledge in equal and inclusive conditions. We base our social strategy particularly on education and skill development. Most notably, we create opportunities to increase the number of students who complete their education, support local schools' equipment, and promote skill learning that leads to decent employment and entrepreneurship.

Keeping an open dialog with the communities has contributed to the positive impact of our social efforts and resulted in a number of alliances with organizations to enhance the results.



➤ **Industrial Clothing Manufacturing Workshop at El Tule community.**

Economic Diversification

In alliance with the *Sinaloa Work Training Institute (ICATSIN)*, we contributed with technical training education of 15 people. We offered a scholarship paying 50% of the enrollment fee for “*Industrial Clothing Manufacturing*” studies. In addition, we provided the material required for each level of the workshop. Women who have benefited from this scholarship are residents of the communities: El Tule, El Gallo, and El Palmar de Los Sepúlveda, populations with whom we have worked closely. We are proud to report that during May 2019, they completed Level 4. In view of the participants' commitment, we have granted 15 additional scholarships to the El Palmar de Los Sepúlveda community, investing US\$ 768.30. This program is a model for creating new economic development opportunities in the region and promoting women's entrepreneurship in small communities.

GRI 203-2 GRI 413-1

Promoting Sustainable Development in Youth

To promote the “Decade of Action” established by the United Nations Organization, Jesus Morgan, our Social Responsibility Coordinator, presented a lecture within the Sinaloa’s Day of Knowledge celebration: “*Well-Being and Ethical Values for Social Change*”. The goal was to achieve the *2030 Agenda for Sustainable Development* and its actions regarding contributions from the youth, civil society, and our Company. This event was held on October 29 and organized by *Sinaloa Bachelors’ College (COBAES)*, at the El Valle de Leyva Solano facilities, with over 40 high school students in attendance. Moreover, we believe that in the future we will maintain this participation involvement with a view to promoting sustainable development.

ACTIVITIES	COMMUNITIES	BENEFICIARIES	INVESTMENT
Sustainable Development Goals Lecture	1	40	N/A.
Economic Diversification	3	30	US\$ 768.30

> Sustainable Development Goals Lecture at COBAES.



Internet for the Communities

The digital gap can generate social inequality, the lack of information can delay improvements in education, health, and economic conditions. On the educational front, access to the internet encourages renewed learning methods, creative thinking (when used correctly), and social communication. To reduce inequality, since 2016, we donated internet services to ten communities: El Magistral, El Potrero, El Valle de Leyva Solano, Lo de Gabriel, Bacamopa, El Rincón de Los Santos, El Nacimiento, El Gallo, El Tule and El Mezquite. Throughout 2019, we invested a total of US\$ 2,436.11, including US\$ 1,037.26, for facilities maintenance.

Communities benefited with internet service

YEAR	COMMUNITIES	INHABITANTS	INVESTMENT
2019	10	2,439	US\$ 2,436.11
2018	10	2,593	US\$ 2,805
2017	10	2,593	US\$ 2,500
2016	9	1,600	US\$ 1,600

Alliance for Education

In alliance with the company “*Compromiso en Tácticas de Seguridad Privada SA de CV*” (COTASEPRISA), we offered a conference on the subject of “*Value in Education*” and donated 200 backpacks, promoting education for 200 children from the communities of Bacamopa, Las Tahonas, Lo de Gabriel, El Manchón, El Tule, El Potrero de las Perdices and El Magistral.

GRI 203-1 GRI 413-1



Child Care

Edumina Program includes kids of our employees.




12
Award-winning children

Edumina

A large part of the social projects reported have been maintained for many years, yet Edumina has distinguished itself as our star project. It promotes knowledge about the mining industry in preschool and elementary school children, through visits to schools and an annual contest that encourages creativity by capturing their learning through drawing.

In addition to promoting the activities and the impact of the industry, the project is also important because many participating children are our employees' children. We estimate that since 2014 Edumina has reached more than 800 children from the different communities where we operate.

During the first quarter of the year, we celebrated the award ceremony for EDUMINA 2018 drawing contest. Each of the 12 winners from different communities surrounding the El Gallo project received an electronic tablet, a visit to mine facilities, and their drawings included in our annual calendar. We invested a total of US\$ 2,021.96.

MONTH	COMMUNITY	BENEFICIARIES
March	Lo de Gabriel	15
March	El Potrero de las Perdices	6
October	El Valle de Leyva Solano	51
October	Bacamopa	5

77 Participants in 2019
Edumina Contest

EDUMINA AND THE PROMOTION OF WOMEN IN THE INDUSTRY

In 2019 we fostered talks about gender inclusion and equality, as well as the importance of women in productive activities, particularly the mining industry. We visited four schools in the communities of El Valle de Leyva Solano, Bacamopa, Lo de Gabriel, and El Potrero de las Perdices. Seventy-seven children attended and participated in the EDUMINA 2019 drawing contest.



> Abel Montoya and students from Bacamopa community.

Smiles Pangea

Healthy recreation is fundamental for social development by allowing a child to become an emotionally and physically healthy adult. As an opportunity to celebrate children and with the understanding of their living conditions, we support different schools by contributing on Children's Day and Christmas celebrations.



35

Communities

70

Schools

US\$ 4,291.90

Investment

CHILDREN'S DAY

In addition to promoting the well-being of children in Mexico, the celebration of Children's Day becomes a great party that provides fun and gifts. Through our department of social responsibility and community relations, 1,550 children received bags of candy for the festivities organized by around 70 preschool and elementary schools representing more than 35 communities and an investment of US\$ 2,145.95.

CHRISTMAS "POSADAS"

Generation after generation, the piñatas, Christmas carols, food, and traditional songs, represent the celebration of Christmas "Posadas," a cultural heritage that expresses Mexican culture. To support our communities, we delivered bags of sweets to 1,550 children. We appreciate the voluntary and joyful participation of our finance team.

GRI 203-1 GRI 413-1



Infrastructure Development

Our social commitment is reflected in the continuous donation for infrastructure. We know that this is an essential contribution that the mining industry can provide to communities. In 2019 we managed to increase the number of direct beneficiaries in this area because our communities' development significantly improves the quality of life of inhabitants, including our employees. In the next years, we expect to broaden our impact by forming strategic alliances that help us reduce inequalities and create sustainable communities.

> Opening event of the pedestrian bridge at El Valle de Leyva Solano.



172
*Road
maintenance
kilometers*

Maintenance of Neighborhood Roads

The constant dialogue with our communities helps us detect their immediate needs such as the maintenance of neighborhood roads. In 2019, we allocated resources equivalent to US\$ 10,487.27 to maintain 172 kilometers of road.

Road Construction

There is an essential link between urbanization and development. Access to urban areas provides access to health care and education services. Infrastructure donation has been a constant among our company since the beginning of operations. As firm believers in maintaining a constructive and sustainable relationship with the community, we invested US\$ 14,928.75 for the paving of roads in El Magistral.

Seats in the Santa Cruz Chapel

We believe facilitating spaces for healthy recreation promotes fundamental values, reflecting a more inclusive, peaceful, and united society. Therefore, we donated ten benches for the Chapel of the Holy Cross in the El Magistral community.

Pedestrian Bridge

The climatic conditions affect inhabitants with limited access to urban equipment. Every year, the community of El Valle de Leyva Solano in Mocorito is affected by the rain, making transit impossible when an emergency occurs, so we have built a pedestrian bridge that serves more than 900 people. The opening ceremony was attended by municipal authorities, benefiting students from “COBAES” 083, students from Secundaria Técnica 33, people from the community, and our employees.

Pantheon Las Tahonas

In Mexico, and particularly in rural areas, there is great respect for family members who have departed, that is why The Day of the Dead celebration has gained importance locally and internationally. Recognizing its value, we donated US\$ 264.93 in material for the construction of an appropriate access door for the pantheon facilities.



> Road pavement at El Magistral community.



> Donation of furniture in The Santa Cruz Chapel at the community of El Magistral.


Infrastructure 2019

COMMUNITIES	INFRASTRUCTURE	BENEFICIARIES	INVESTMENT
	Road repair and maintenance		US\$ 10,487.27
El Magistral	Road paving	37 inhabitants	US\$ 14,928.75
El Magistral	Construction of benches in the chapel of La Santa Cruz	37 inhabitants	US\$ 2,418.89
El Valle de Leyva Solano	Construction of the pedestrian bridge	955 inhabitants	US\$ 32,032.93
Las Tahonas	Donation of material for the pantheon	229 inhabitants	US\$ 264.93
Total			US\$ 60,132.77

Family and Community Well-Being

We believe that our resources can contribute to social development; therefore, we invest in activities that contribute to the well-being of our communities, including medical services and the water supply.




+20
Health
Services

Medical Day

Within the framework of the *Health Promoting Communities Certification* activities, we organize the Medical Day in the El Valle de Leyva Solano Community, offering more than 20 health services for free. This Medical Day was possible thanks to the *Sanitary Jurisdiction of Guamúchil*, the *Center for Superior Studies of Guamúchil (CESGAC)*, the *Sinaloa's Training Institute for Work (ICATSIN)* and *Mocorito's City Council*.

Water Supply

In recent years, Sinaloa has been affected by drought, mainly from April to August, which puts some of our communities in a vulnerable situation. In 2019, we invested US\$ 23,073.24 for the daily supply of water, filling water tanks and containers for El Potrero, El Magistral, Ranchito de San Miguel and El Nacimiento communities.

Public Health Day

Facilitating health services to our communities is one of our main concerns. For this reason, we promoted initiatives such as the "1st National Public Health Day". In 2019, we transported the staff of Sinaloa's Health Services to difficult access communities, where they provided health information to mothers, distributed vaccines and serum to avoid dehydration, and applied vaccines. The communities benefited were El Magistral, El Rincón de Los Santos, Potrero de las Perdices, Ranchito de San Miguel, El Tule de Arriba, El Tule de Abajo and El Gallo.

FAMILY AND COMMUNITY WELL-BEING	COMMUNITIES	BENEFICIARIES	INVESTMENT
Medical Day	1	955	US\$ 748.22
Water Supply	4	180	US\$ 23,017.37
Public Health Day	7	764	US\$ 12.29
		1,899	US\$ 23,813.88

Respect for the Local Culture

Respect for human rights and the promotion of universal values are relevant actions within our relationship with communities, so it is important to promote projects associated with the preservation of local culture.

Day of Santa Cruz

At just over 100 years of continuous celebration, this commemoration is highly important to construction workers. It is a Mexican religious holiday associated with the pre-Hispanic custom to request good yearly harvests. Over time, these farmers transitioned to construction workers and preserved the tradition. Our company supported the El Gallo community with US\$ 105.97 for the organization of this festivity. Moreover, we assisted the El Magistral and Corral Quemado communities by providing the machine to prepare the scene for the celebrations.



> Celebration of The “Santa Cruz”.

2019 “Arroyada”

The Bacamopa community, with little more than 115 inhabitants, carries out the “Arroyada” celebration, which has become a tradition in the region every year, and to celebrate it, we support the scraping and leveling of the creek.

Altars Contest

The day of the Dead is one of the best-known traditions in Mexico and has the UNESCO recognition as Intangible Cultural Heritage of Humanity. Since the altar is one of the most representative elements of the celebration, we consider it essential to promote knowledge of this ritual. To encourage the participation of new generations, we organize the 2019 Altar contest, inviting schools from Lo de Gabriel, Cerro Agudo, and Palmarito Mineral to participate.



> Altar from Lo de Gabriel school.

GRI 203-1 GRI 413-1









Participation with Civil Society Organizations

The sustainable development agenda promotes the creation of alliances between government, the private sector, and civil society. From our sphere of influence, we can help civil society organizations through financial support, knowledge transfer, and sponsorships, viewed from a perspective of transparency and social support.

> **Donation to Red Cross from Guamuchil.**



Participation with civil society

INSTITUTION	PURPOSE	US\$ DONATIONS
 Albergue Estudiantil de Mocorito, IAP	The institution that operates the Student House and provides a space with housing, protection and food so that low-income students with excellent school performance can attend college in Culiacán, Sinaloa.	US\$ 635.93
 Guamuchil Food Bank	The Food Bank gathers donations to feed low-income populations. In 2019, they aided 1,294 families in the municipality of Salvador Alvarado in a vulnerable situation.	US\$ 635.93
 Red Cross	Every year we contribute to the Red Cross in its Guamúchil and Mocorito branches during the Annual Collection period.	US\$ 1,854.79
 Mocorito Fire Department	The Mocorito Firefighters Department is one of the voluntary institutions with the most extended history in the region and, at the same time, with the most needs. Our contribution in 2019 was intended to repair the engine of one of its vehicles.	US\$ 1,059.88
 Casa Valentina for children with cancer	Casa Valentina provides care to low-income families with children with cancer. We are proud of the joint participation of employees and the company to collect plastic lids donated for this cause.	US\$ 52.99
 Green Schools Project (Escuelas Verdes)	We participate in an initiative called "Green Schools", which is promoted by the Secretariat for Sustainable Development. Through this initiative, we deliver sanitary equipment for nine toilets, three urinals, two sinks, two mixing faucets and tile adhesive for the rehabilitation and improvement of the hygienic facilities of said institution.	US\$ 985.26
 2019 Pink Race	Grupo Chávez Radio annually organizes this race to raise awareness about Breast Cancer. In 2019, we supported the enrollment of 8 collaborators to run for this cause.	US\$ 98.35
 Christmas Celebration Dinners	Annually, we donate 200 dinners to support DIF of Mocorito and Salvador Alvarado institutions, so that they can provide Christmas dinners to low-income families. This year's theme was: "Let's Bring Love to Each Table" and "For a Different Christmas."	US\$ 1,589.82
TOTAL		US\$ 6,881.61

In 2019 we supported civil society initiatives related to education, health, environmental issues. We acknowledge the energy of volunteers to support these initiatives.



> Christmas pantry donation to the institution DIF at Salvador Alvarado.

Donations

Annually, we support causes that promote education, health and safety. In 2019, we made donations to strengthen health and safety, and to drive initiatives to reduce inequalities while raising awareness.

INSTITUTION	PURPOSE	DONATION
Secretariat of National Defense (SEDENA) 42 Infantry Battalion	Strengthening security, civic actions and social works.	US\$ 887.52
Lo de Gabriel Community	Medical supplies	US\$ 836.92
Municipality of Mocorito and National College of Technical Professional Education	Hydrating drink and t-shirts for participants of the Green Tour.	US\$ 23.84
Total		US\$ 1,748.28



US\$
1,748.28
donations

> Donation to 42 Infantry Battalion

GRI 203-1 GRI 413-1



Environmental Culture

Environmental contamination is one of the main obstacles that we face as a society. However, in many rural populations, it is not considered a severe problem. For this reason, every year, we participate in various initiatives dedicated to the care and preservation of the environment, through which we can make people in our community more conscious about environmental challenges.



➤ **Delivery of materials in recycling campaigns.**

World Environment Day

World Environment Day was created by the United Nations to increase consciousness for the environment and biodiversity. Our volunteers gather to clean the roadway connecting El Chimal and Arroyo Seco. A total of 14 m³ or 500 kg of trash was collected, and our team demonstrated the value of protecting our planet.

➤ **Road cleaning from El Chimal to Arroyo Seco.**

2nd Electronics Recycle Campaign

As in the previous year, in 2019, we collaborated with CEMEFI's regional ally, *AccionaRSE*, in various social responsibility initiatives. In alliance with *Centro de Desarrollo Ambiental (CDA)* from Los Mochis, Sinaloa, we organized an event to promote the collection and recycling of electronic devices. In 2019, we received 14 tons of electronic waste, preventing this material from polluting the environment through traditional disposal.

Materials Recycling: Friends of Ecology Civil Association

We believe that alliances are crucial to generate consciousness about sustainability. In participation with *Friends of Ecology Civil Association*, we recovered and recycled 945 kg of cardboard and 145 kg of plastic wrap. They will dispose of these collected materials through various recycling processes.

GRI 413-1



Community Participation in River Cleaning

The Socially Responsible Companies Community in Guamúchil organized and participated in the cleaning of an important river in the town of Guamúchil. We recruited a volunteer team for this project and provided them with bags, gloves, and masks to safely perform these activities.

GRI 413-1



> “Reforestation my School” Environment Project Support.



21,292
*Kilograms of
Recycled Materials*

Recycling of Materials with CDA

Our efforts to separate materials have fostered a culture of reuse and recycling among our employees. In 2019, the *Environmental Development Center (CDA)* received 903.60 Kg of paper, 1,491 Kg of cardboard, 330 Kg of plastic and 3,745 Kg of plastic wrap for proper disposal.

The 4th Recycleathon

Every year we respond to Grupo Anjor invitation to promote recycling. This is one of the leading environmental initiatives in Culiacan and also one of the most visible. In addition to supporting the awareness program, we delivered 1,030.50 Kg of old archives. Altogether, more than 9,800 Kg of waste were collected.

Environmental Initiatives

ENVIRONMENTAL INITIATIVES	PARTICIPATION	RECYCLED MATERIALS
World Environment Day	Pangea Volunteers	500 kg
2nd Electronic Recycling	AccionaRSE and Environmental Development Center AC	15,000 kg
Friends of Ecology Recycling	Friends of Ecology AC and Environmental Development Center AC	4,359 kg
River Cleaning	Niños Heroes Colony	
Recycling of Materials	Environmental Development Center AC	402.60 kg
The 4th Recycleathon	Grupo Anjor	1,030.50 kg
Reforestation my School Environment	Agustina Ramírez Educational Institute	
Total of Recycled Material		21,292 kg

Response to Chemical Emergencies

Training and operational practices have focused on security and prevention themes. Moreover, we constantly work to ensure that we are prepared in case any emergency occurs at our facilities. Over time, we have helped surrounding communities with incidences and emergencies. This has proven the importance of donating specialized training to the civil society and government agencies in the region. In 2018, we incorporated into our community relations program a Chemical Emergencies Training for the Red Cross, Firefighters and Civil Protection teams from Salvador Alvarado and Guamúchil municipalities. This year, we sponsored the "Response to Chemical Emergencies" training to 37 members of these teams.



> Response to Chemical Emergencies Training

Promotion of Community Sports

Recreational and healthy leisure activities, such as sports are essential to strengthen social relations and to promote healthy exercise. Furthermore, we created awareness about the importance of physical activity for the proper functioning of the body and the well-being of people. For this reason, we supported this activity during 2019.



> Opening Little League Baseball in Mocorito.

Sports Events Donations

BENEFITED ORGANIZATION	SPORTS EVENTS	INVESTMENT	PROFIT CONTRIBUTION
Lions Club Centro AC	Volleyball Friendship Tournament	US\$ 63.58	Referee fee
Compañía Minera Pangea Employees	Volleyball Friendship Tournament	US\$ 213.80	15 uniforms
Mocorito Municipality	Municipal Baseball Little League of Mocorito	US\$ 798.40	Uniforms for 3 teams

GRI 413-1



Awards, Initiatives and Alliances



As a company, we must incorporate social, economic, and environmental perspectives to guide our business strategy.

As a society, we have a shared commitment to achieve sustainability on the planet. As a company, we must incorporate social, economic, and environmental perspectives to guide our business strategy. Incorporating these agents into our management model helps us measure our contribution to achieving the *Sustainable Development Goals*. We are also committed to transparent participation in social audits that assess our ethical, social, and environmental behavior.

Socially Responsible Company

Centro Mexicano para la Filantropía, CEMEFI. (Mexican Centre for Philanthropy)

CEMEFI's mission is to promote philanthropic participation among socially responsible and committed citizens, among social organizations and enterprises in order to create a fairer and more prosperous society.



2019 marked the 4th consecutive year when we received the Socially Responsible Company distinction.



GRI 102-12



> Jesús Morgan,
Social Responsibility
Coordinator

Through the *Socially Responsible Company Distinction*, CEMEFI accredits and recognizes companies for their commitment to creating shared value to their stakeholders, who publicly demonstrate:

- **A COMMITMENT** to implement and continuously improve socially responsible management as part of its business culture and strategy.
- **HAVING** policies, procedures, and programs that share a socially responsible vision throughout each level of organization.
- **GUIDING** the company towards a sustainable and socially responsible management model.
- **IDENTIFYING** improvement opportunities in the business' integral management.
- **STRENGTHENING** their stakeholders' trust, which will generate added value to the institutional image and competitiveness.

Applying for the Socially Responsible Company distinctive is voluntary, yet it is obtained through a diagnostic process based on indicators and documented evidence that includes the different areas of social responsibility:

- **SOCIAL RESPONSIBILITY** management.
- Business **ETHICS**.
- **QUALITY OF LIFE** in the Company.
- Environmental **CARE AND PRESERVATION**.
- Community **ENGAGEMENT**.

By participating for this distinction, we are committed to create a positive impact on society, environment and community, beyond our corporate obligations.

United Nations Global Compact

The United Nations Global Compact is the world's largest corporate sustainability initiative that promulgates organizational principles and values with the primary purpose to generate solutions that address global challenges.

The United Nations Global Compact invites companies to incorporate in their business strategies ten universal principles related to human rights, labor rights, environmental care, and anti-corruption. It focuses on their social purposes in the pursuit of the SDGs. In addition, it involves thousands of companies worldwide who have publicly committed to include sustainability in their strategies for business and social benefit.

In 2018 we requested to join the United Nations Global Compact, and in 2019 we continued with the process.



Safe Company

The Self-Management Program for Health and Safety at Work encourages companies to establish and operate health and safety systems. These standards are based on national and international precedents that support safe working centers.

The *Secretariat of Labor and Social Welfare (STPS)* has established participation policies that dictate the following:

1. All participation is voluntary and will not be subject to federal inspections.
2. The program is open to any workplace, prioritizing high-risk activities.
3. The evaluation processes, audits, and acknowledgment grants are transparent.

By adopting and complying with the *Self-Management Program for Health and Safety at Work*, we have received the "Safe Company" recognition since 2016.

➤ **Florencia Sánchez,**
Health and Safety.

GRI 102-12



Clean Industry

The *National Program of Environmental Audit* is a voluntary evaluation that assesses the organizations' environmental performance and detects areas that need improvement. This audit verifies the fulfillment of federal laws, local laws, and the *Official Mexican Normativity* established by SEMARNAT.

This program assists companies to improve their environmental performance, and SEMARNAT checks every detail of their processes, the full compliance of normativity, and the establishment of environmental best practices. Upon the outcome of this audit, PROFEPA grants the Clean Industry certificate.



Since 2012,
PROFEPA has
recognized
El Magistral's
operational
area with the
Clean Industry
Certification.

GRI 102-12

Women in Mining Mexico

Mujeres WIM Mexico is a non-profit organization created to endorse initiatives that promote equal opportunities and working conditions for women in the mining industry in Mexico.

They are the local chapter of Women in Mining, the world's leading network in this matter.



WIM projects include:

- **TRAINING** and coaching programs
- **PROMOTION** of inclusive actions
- **INCREASING** the number of women working in the mining industry
- **FOSTERING** female leadership in the mining industry

In 2019 we supported the initiatives of Mujeres WIM Mexico by participating in conferences and events hosted by Eurídice González, who acted as Social Responsibility and Sustainability Manager of our company until November 2019.

WIM Mexico City district facility

Conference "Gender Equity in Mexican Mining"

January 17, 2020

CAMIMEX offices in Mexico City

Launch of the national reading strategy

January 27, 2020

Mocorito, Sinaloa

WIM presentation

WIM meeting to promote participation in gender equality issues

February 2020

Guamuchil, Sinaloa

International Prospectors & Developers Association of Canada Convention (PDAC)

"El Gallo Project: Perspectives from exploration and mining in Mexico".

March 6, 2019

Metro Toronto Convention Center, Toronto, Canada

Mujeres WIM Mexico - Discoveries Mining

Conference "Women in Mining: A new perspective"

April 2-4, 2019

Mazatlan, Sinaloa

"1st National Congress of Women Leaders"

Panel "Women Leaders, the challenge of transcending"

June 1st, 2019

Oaxaca Cultural Convention Center

Association of Mining Engineers, Metallurgists and Geologists of Mexico, Sinaloa District Pledge

June 2019

Mazatlan, Sinaloa

Sinaloa District of the Association of Mining Engineers, Metallurgists and Geologists of Mexico

June 1, 2019

Mazatlan, Sinaloa

XXXII International Convention on Mining

Signing of the Collaboration Agreement between the Mexican Mining Chamber and Mujeres WIM Mexico.

October 21-25, 2020

Imperial World, Acapulco

MUJERES
WIM
- MÉXICO -



Alliances



CANACO SERVYTUR DEL ÉVORA

The *National Chamber of Commerce (CANACO)* is an organization shaped by companies dedicated to commerce, services, and tourism. CANACO helps the commercial sector to satisfy society's needs for proper goods and services. It also works as a representative for its members.

We are part of the Board of Directors of CANACO and therefore we contribute to the institution's work on corporate social responsibility issues and participate in the organization of conferences and events, such as the ESR Graduation.



ACCIONARSE

The *Mexican Centre for Philanthropy* promotes the Socially Responsible Company distinction through its regional allies. AccionaRSE is their regional representation in the Sinaloa province. As the first mining company in the region with the ESR distinction, we collaborate with AccionaRSE to promote social responsibility.

During the year of 2019 we participated in the 2nd Electronic Recyclathon, coordinated by AccionaRSE and the *Environmental Centre of Development*. Along with AccionaRSE, we were part of the organizing committee of the conference "*Equipos de éxito*" in alliance with CANACO. We also supported the formation of the regional ESR group.



MEXICAN MINING CHAMBER

The *Mexican Mining Chamber* represents the general interests of the country's mining-metallurgical industry, strengthening its development and proper performance; it also publishes information about the industry's activities and impacts and promotes the coordination of chambers and local or regional associations.

We believe that collaboration and contribution based on experiences and acquired knowledge facilitate the growth and development of the industry and its stakeholders. In 2019, our company participated in the CAMIMEX Board of Directors, collaborating in developing a compendium of good practices within the mining industry. We also provided statistical data about the company.



SINALOA MINING CLUSTER

This civil society, in which we took part as a founding Company, is a new entity was established in coordination with the *Sinaloa State Government*. The *Sinaloa Mining Cluster* was founded to collaborate in the creation of shared value, boosting the economy by associating with local suppliers, speeding up procedures, training for work safety, and strengthening social responsibility principles.



COUNCIL OF ECONOMIC DEVELOPMENT OF SINALOA

The *Council of Economic Development of Sinaloa* was established in 1996 in collaboration with public and private sectors to increase competitiveness and economic growth, creating conditions to attract and retain employment-generating investments.

As part of the Advisory Group for developing the human capital strategy, we participated in working groups that generate the appropriate conditions in promoting a person's growth.



CENTER FOR INVESTMENT AND COMMERCE OF SINALOA.

The *Centre for Investment and Commerce of Sinaloa* is a specialized organization created by CODESIN in coordination with the *Department of Economy* to attract and develop the proper conditions for national and foreign investment.

Relying on our experience in the mining industry, we have participated in several meetings that promote the use of natural gas in Sinaloa. Moreover, the CIT has been a promoter of the use of gas, providing specialized conferences with experts and gas-supplying companies, preparing its introduction to all the productive sectors of the region.



MEXICAN SOCIAL SECURITY INSTITUTE

Since its foundation in 1943, the *Mexican Social Security Institute* is a government institution that has the largest presence in the health and social protection area in Mexico. It combines healthcare services, and resource management for its retired members.

During 2019, we participated as members of *IMSS' Citizen Participation Committee* in the Évora region, encouraging the building of a responsible and effective bond between the public and private sectors regarding public health topics.

STRATEGIC SUPPLIERS

Our 2019 sustainability commitment included all of our stakeholders. Therefore we have made alliances with world-class consulting firms, such as *GR Engineering Services* and *INTERA Inc.* Combining their expertise, our team seeks to optimize the financial and environmental viability that will lay the foundations for Project Fenix.



GRI, SDG's and Global Compact **Indexes**



GRI Index

Our 2019 Sustainability Report uses selected GRI Standards, or parts of its content, to report specific information.

STANDARD	DESCRIPTION	PAGE
GENERAL DISCLOSURES		
Organizational profile		
102-1	Name of the organization	18
102-2	Activities, brands, products, and services	17, 18
102-3	Location of headquarters	15, 111
102-4	Location of operations	6, 17, 111
102-5	Ownership and legal form	18
102-7	Scale of the organization	17, 19, 21
102-8	Information on employees and other workers	43
102-10	Significant changes to the organization and its supply chain	20,21
102-11	Precautionary Principle or approach	27,72
102-12	External initiative	94 -97
102-13	Membership of associations	97-99
Strategy		
102-14	Statement from senior decision-maker	7 -13
102-15	Key impacts, risks, and opportunities	21,29,39,41, 53, 70
Ethics an Integrity		
102-16	Values, principles, standards, and norms of behavior	23, 33
102-17	Mechanisms for advice and concerns about ethics	6, 33
Governance		
102-18	Governance structure	6-13,24,25
102-19	Delegating authority	24,25
102-20	Executive-level responsibility for economic, environmental, and social topics	24,25
102-21	Consulting stakeholders on economic, environmental, and social topics	29,30,53
102-22	Composition of the highest governance body and its committees	24,25
102-23	Chair of the highest governance body	7,9-13

GRI 102-54 **GRI 102-55** * Our production is sold by McEwen Mining.

STANDARD	DESCRIPTION	PAGE
102-24	Nominating and selecting the highest governance body	16
102-25	Conflicts of interest	N/A
102-26	Role of highest governance body in setting purpose, values, and strategy	16,24,25
102-27	Collective knowledge of highest governance body	30,48
102-29	Identifying and managing economic, environmental, and social impacts	30,33-36,39,63
102-30	Effectiveness of risk management processes	24,25
102-31	Review of economic, environmental, and social topics	29
102-32	Highest governance body's role in sustainability reporting	6,24
102-33	Communicating critical concerns	29
102-34	Nature and total number of critical concerns	29
102-37	Stakeholders' involvement in remuneration	
102-38	Annual total compensation ratio	44
Stakeholder Engagement		
102-40	List of stakeholder groups	29
102-41	Collective bargaining agreements	42
102-42	Identifying and selecting stakeholders	29,5
102-43	Approach to stakeholder engagement	29
102-44	Key topics and concerns raised	29
Reporting Practice		
102-46	Defining report content and topic Boundaries	29
102-47	List of material topics	29
102-48	Restatements of information	N/A
102-49	Changes in reporting	N/A
102-50	Reporting period	6
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annual






STANDARD	DESCRIPTION	PAGE
102-53	Contact point for questions regarding the report	Jesús Eduardo Morgan Parra
102-54	Claims of reporting in accordance with the GRI Standards	102
102-55	GRI content index	102
102-56	External assurance	6,110
Management Approach		
103-1	Explanation of the material topic and its Boundary	29
103-2	The management approach and its components	29, 33,41,47,53,57,63,70,77
103-3	Evaluation of the management approach	29,30
ECONOMIC STANDARDS (200)		
201-1	Direct economic value generated and distributed	39
202-1	Defined benefit plan obligations and other retirement plans	44,45
203-1	Infrastructure investments and services supported	77,79 ,81-87
203-2	Significant indirect economic impacts	50,78
205-2	Communication and training about anti-corruption policies and procedures	N/A
205-3	Confirmed incidents of corruption and actions taken	N/A
ENVIROMENTAL STANDARDS (300)		
302-1	Energy consumption within the organization	65
302-3	Energy intensity	65
302-4	Reduction of energy consumption	64,65
303-1	Interactions with water as a shared resource	67,68
303-2	Water sources significantly affected by withdrawal of water	67
303-3	Water withdrawal	67,68
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	17,19
304-2	Significant impacts of activities, products, and services on biodiversity	71
304-3	Habitats protected or restored	70-73
305-1	Direct (Scope 1) GHG emissions	66
305-5	Reduction of GHG emissions	66
306-1	Water discharge by quality and destination	67, 68
306-2	Waste by type and disposal method	68,69

STANDARD	DESCRIPTION	PAGE
306-3	Significant spills	N/A
306-4	Transport of hazardous waste	69
306-5	Water bodies affected by water discharges and/or runoff	67, 68
307-1	Non-compliance with environmental laws and regulations	63
SOCIAL STANDARDS (400)		
401-1	New employee hires and employee turnover	42
401-3	Parental leave	44
402-1	Minimum periods regarding operational changes	45
402-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	44
403-1	Occupational health and safety management system	53-61
403-2	Hazard identification, risk assessment, and incident investigation	58, 60, 61
403-3	Occupational health services	58, 61
403-4	Worker participation, consultation, and communication on occupational health and safety	57, 61
403-5	Worker training on occupational health and safety	48, 54, 55
403-6	Promotion of worker health	44
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53-61
403-9	Work-related injuries	60, 61
403-10	Work-related ill health	N/A
404-1	Average hours of training per year per employee	48, 54
404-2	Programs for upgrading employee skills and transition assistance programs	44, 47, 50, 54, 56
404-3	Percentage of employees receiving regular performance and career development reviews	50, 54
405-1	Diversity of governance bodies and employees	N/A
405-2	Ratio of basic salary and remuneration of women to men	44, 45
406-1	Incidents of discrimination and corrective actions taken	N/A
407-1	Operations and suppliers in which the right freedom of association and collective bargaining may be at risk	42
408-1	Operations and suppliers at significant risk for incidents of child labor	45
410-1	Security personnel trained in human rights policies or procedures	N/A
412-1	Employee training on human rights policies or procedures	N/A
413-1	Operations with local community engagement, impact assessments, and development programs	77-91
415-1	Political contributions	N/A
419-1	Non-compliance with laws and regulations in the social and economic area	N/A




SDG Index

At Compañía Minera Pangea we understand that our planet is facing great economic, social and environmental challenges and for this reason we join the United Nations' initiative and mandate the Sustainable Development Goals (SDG) to be our guide in placing the world in a sustainable path.








This is our contribution:

SDG	PRINCIPLE	PAGE
SDG 1 NO POVERTY 	End poverty in all its forms everywhere.	42-45, 77
SGD 2 ZERO HUNGER 	End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	44,86
SDG 3 GOOD HEALTH AND WELL-BEING 	Ensure healthy lives and promote well-being for all at all ages.	53 - 61, 84
SDG 4 QUALITY EDUCATION 	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	47-51, 78 - 80
SDG 5 GENDER EQUALITY 	Achieve gender equality and empower all women and girls.	42,45,97

SUSTAINABLE DEVELOPMENT GOALS

SDG	PRINCIPLE	PAGE
SDG 6	CLEAN WATER AND SANITATION	
	Ensure availability and sustainable management of water and sanitation for all.	29, 67-69,84
SDG 7	AFFORDABLE AND CLEAN ENERGY	
	Ensure access to affordable, reliable, sustainable and modern energy for all.	64,65
SDG 8	DECENT WORK AND ECONOMIC GROWTH	
	Promote sustained, inclusive and sustainable economic growth, employment and decent work for all.	27,29,42-44
SDG 9	INDUSTRY, INNOVATION AND INFRASTRUCTURE	
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	79,82
SDG 10	REDUCED INEQUALITIES	
	Reduce inequality within and among countries.	42-45,97

SUSTAINABLE DEVELOPMENT GOALS

SDG	PRINCIPLE	PAGE
SDG 11 SUSTAINABLE CITIES AND COMMUNITIES	 <p>Make cities and human settlements inclusive, safe, resilient and sustainable.</p>	36,43,44,77
SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 <p>Ensure sustainable consumption and production patterns.</p>	
SDG 13 CLIMATE ACTION	 <p>Take urgent action to combat climate change and its impacts.</p>	66
SDG 14 LIFE BELOW WATER	 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>	
SDG 15 LIFE ON LAND	 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</p>	63, 70-73
SDG 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.</p>	35, 86
SDG 17 PARTNERSHIPS FOR THE GOALS	 <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development.</p>	75-79, 84, 86, 88, 90, 97-99

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Global Compact Index

At Compañía Minera Pangea we have voluntarily adopted the 10 Principles of the Global Compact. The principles revolve around four pillars: protection of labor rights, promotion of human rights; anti-corruption practices; and protection of the environment. Through adhering to this alliance promoted by the United Nations, we commit ourselves to make progress in these areas, and make them public through this report:



GC	PRINCIPLE	PAGE
HUMAN RIGHTS		
GC-1	Businesses should support and respect the protection of internationally proclaimed human rights; and	29, 42, 48, 51, 53, 56, 57, 75, 78
GC-2	Make sure that they are not complicit in human rights abuses.	29, 35-37
LABOUR		
GC-3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	29, 42
GC-4	The elimination of all forms of forced and compulsory labour;	29, 33, 35, 42
GC-5	The effective abolition of child labour; and	29, 45
GC-6	The elimination of discrimination in respect of employment and occupation.	42, 43, 44, 97
ENVIRONMENT		
GC-7	Businesses should support a precautionary approach to environmental challenges;	27, 29, 63, 68 - 72
GC-8	Undertake initiatives to promote greater environmental responsibility; and	27, 29, 48
GC-9	Encourage the development and diffusion of environmentally friendly technologies.	65
ANTICORRUPCIÓN		
GC-10	Businesses should work against corruption in all its forms, including extortion and bribery.	33-37

Independent statement and recommendations letter on
Compañía Minera Pangea's 2019 Sustainability Report

To the management team and the board of directors,
Compañía Minera Pangea, S.A. de C.V.

Bvld. Antonio Rosales Ote. No. 855 altos 12
Col. Morelos, Guamuchil
Salvador Alvarado, Sinaloa
C.P. 81460

I have had the opportunity to issue independent statements for Compañía Minera Pangea's sustainability reports for three consecutive years. On this particular occasion the Sustainability Report 2019 entitled "Together we Build the Future" for the period from January 1st to December 31st, 2019; and provided feedback through conference calls and in writing.

The Company has responded to the questions and suggestions. In line with the scope of the review, focused on the evaluation and improvement of the quality and credibility of the report rather than its sustainability performance; to assure users that the information reported and its associated statements represent an accurate, legitimate and transparent account of Compañía Minera Pangea's activity.

For the first time the report includes a message from the Chairman and Chief Owner of McEwen Mining. Following our previous review, specifically the recommendation regarding the stakeholders materiality, I'm pleased to see a first materiality analysis, which has allowed the Company to develop a report that is clearly structured and puts greater emphasis on sustainability priorities.

It should be noted that the continuity with the previous reports shows a relevant reduction in its operations, however, it maintains its continued commitment to transparency and on reporting its most material sustainability impacts. Especially in the disclosure of the status of the feasibility study of Project Fenix.

It is still a challenge, however, to adequately document business processes into the sustainability model in order to ease sustainability indicators traceability. In another non-disclosure document, we present to the Company our findings and improvement areas identified during the development process for the independent statement engagement.

Limited Report Verification

Responsibility on the verification statement

It is limited to expressing an independent statement for "Compañía Minera Pangea's" Sustainability Report 2019. The engagement has been conducted in accordance with the "International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by the "International Auditing and Assurance Standards Board (IAASB)". It consisted of making inquiries to persons responsible for the preparation of the information presented in the Report, documentary sources mainly based on the results of internal audit and on the experience from previous visits to "El Gallo Gold" facilities and the community in which the company operates.

Independence

The verification statement for "Compañía Minera Pangea's" Sustainability Report 2019, has been performed in compliance with the principles of independence, integrity, objectivity, professional competence and due care, confidentiality and professional behavior; consistently to the International Code of Ethics for Professional Accountants (including international independence standards) published by the International Ethics Standards Board for Accountants (IESBA).

In no case can it be understood as an audit report, so no responsibility is assumed for the internal control and management systems and processes from which the information is obtained. This letter is issued on July 20, 2020 and is valid provided that no subsequent and substantial modifications are made to "Compañía Minera Pangea's" Sustainability Report 2019.

Conclusion

Based on the procedures performed and described, nothing has come to our attention that causes us to believe that the indicators in the Report are not reliable, presented incorrectly nor with material deviations or omissions.

This version of our letter is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our letter takes precedence over this translation.


Guillermo Juárez Salinas / Valuecode
Member of the Caux Round Table
CSR Foreing Liaison at CRT Japan
México, 20 de julio de 2020.

Warning Statement

This report contains certain forward-looking statements and information, including forecasts, projections, expectations or beliefs about events and future outcomes of Compañía Minera Pangea S.A. de C.V. Forward-looking statements and information are necessarily based on several estimates and assumptions that, while considered reasonable by management, are inherently subject to business uncertainties, risks and contingencies, and it cannot be guaranteed that such statements and information will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements and information. Risks and uncertainties that could cause future results or events that differ materially from current expectations expressed or implied in forward-looking statements and information include, but are not limited to, factors associated with fluctuations in the market price of precious metals, mining industry risks, political, economic, social and security risks associated with overseas operations, the ability of the corporation to receive promptly permits or other approvals required in connection with activities, risks related to the construction of mining operations and start-up of production and projected costs thereof, risks associated with litigation, the state of the markets environmental risks and hazards, uncertainty regarding the calculation of mineral resources and reserves and the risk of exclusion from a public exchange and other threats.

This warning statement qualifies all forward-looking statements and information made in this filing. All currency presented in this report is quoted in U.S. Dollars.



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We value
innovation in our
daily processes
and actions
to increase
the company's
competitiveness.







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