

## 2023 Modern Slavery Report

Argonaut Gold Inc. ("the Company" or "Argonaut") has prepared this Modern Slavery Report (the Report) in accordance with Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the Act) for the financial year ending December 31, 2023. This is a joint report made under section 11 of the Act on behalf of Argonaut and the following entities, each a material subsidiary of Argonaut, which we have determined are reporting entities under the Act for the reporting period.

Mines	Reporting Entities	Country of registration
Magino	Prodigy Gold Inc.	Canada
Florida Canyon	Alio Gold Inc.	Canada
	Alio Gold *(U.S.) Inc.	Canada
	Florida Canyon Mining, Inc.	US
San Agustin and El Castillo	Castle Gold Corporation	Canada
	Minera Real del Oro S.A. de C.V.	Mexico
La Colorada	Compañía Minera Pitalla	Mexico

This Report describes the steps taken by Argonaut to assess and address its risks with respect to forced labour and child labour, which we refer to for the purposes of this Report as modern slavery. Monetary amounts are expressed in US dollars.

### ABOUT ARGONAUT GOLD

Argonaut is a Canadian-based mining company listed on the Toronto Stock Exchange engaged with exploration, mine development, and production<sup>1</sup>. Argonaut has its head office in Toronto and owns three operating gold mines: the Magino mine in northern Ontario, the Florida Canyon mine in Nevada, and the San Agustin mine in Durango, Mexico. Argonaut also owns the La Colorada mine in Sonora, Mexico, which was operational for most of 2023 and entered care and maintenance in December 2023. Argonaut has one mine that is in the active closure phase, the El Castillo mine in Durango, Mexico, which together with the San Agustin mine are administered as the El Castillo Complex. Both the La Colorada and El Castillo mines continue to conduct residual leaching. In addition, the Company has several exploration projects in North America, including the advanced-stage Cerro del Gallo project. On March 27, 2024, Alamos Gold announced a friendly acquisition of Argonaut, expected to close in the third quarter of 2024. The Magino mine will become part of Alamos while the Company's United States and Mexican assets will collectively become the assets of a new company called Florida Canyon Gold Inc.

<sup>1</sup> Information on Argonaut's legal and organizational structure, mandate, and controlled entities can be found in the company's Annual Information Form, available on its website.

## Governance

Argonaut's Board of Directors has a Safety, Health, Environment, Sustainability and Technical (SHEST) Committee that oversees supply chain due diligence. At the corporate level, Argonaut's Chief Executive Officer, Chief Operating Officer, and Senior Vice President, Legal Counsel are responsible for overseeing procurement and supply chain due diligence, while Argonaut's Director of Sustainability is responsible for developing the company-wide supply chain due diligence systems. At the site level, supply chain managers are responsible for implementing supply chain due diligence.

Argonaut produced 197,511 equivalent ounces of gold at its operating mines in 2023. To achieve this production, Argonaut conducted drill and blast activities and mined a total of 49,752,929 tonnes of ore and waste rock and crushed and processed 23,922,948 tonnes of ore. Ore is processed using heap leaches at all mines except for Magino which uses a carbon-in-pulp processing method. At each mine and at the corporate office there are various functions that oversee or support the mining activities including management, finance, human resources, health and safety, environment, maintenance, and exploration.

Effective management of the risks, impacts and opportunities related to ESG (environment, social, governance) is integral to how we operate and our success as a company. Our six core values form the basis of our actions: integrity, respect, communication, collaboration, care, and performance.

Argonaut has a publicly available whistleblower mechanism. As outlined in our Code of Ethics and Business Conduct, it applies to employees, contractors, consultants, and all other stakeholders. Stakeholders with a concern or complaint can access the whistleblower mechanism online or by telephone, with contact details displayed prominently in the Code of Ethics and Business Conduct, on Argonaut's website, and posted at mine sites.

## Supply Chain

Argonaut's mines procure goods and services required to support their activities, largely from their country of residence. Argonaut spent \$581 million in 2023 with 1,321 vendors. Figure 1 presents the breakdown of Argonaut's 2023 spend by purchasing category.

Argonaut procures nearly all its goods and services from North America, with less than 1% sourced elsewhere. In Mexico, several goods are at risk of modern slavery including various food products, leather, and garments. Argonaut is following up with relevant suppliers to review their practices for managing modern slavery risks.

Figure 1: Spend by procurement category

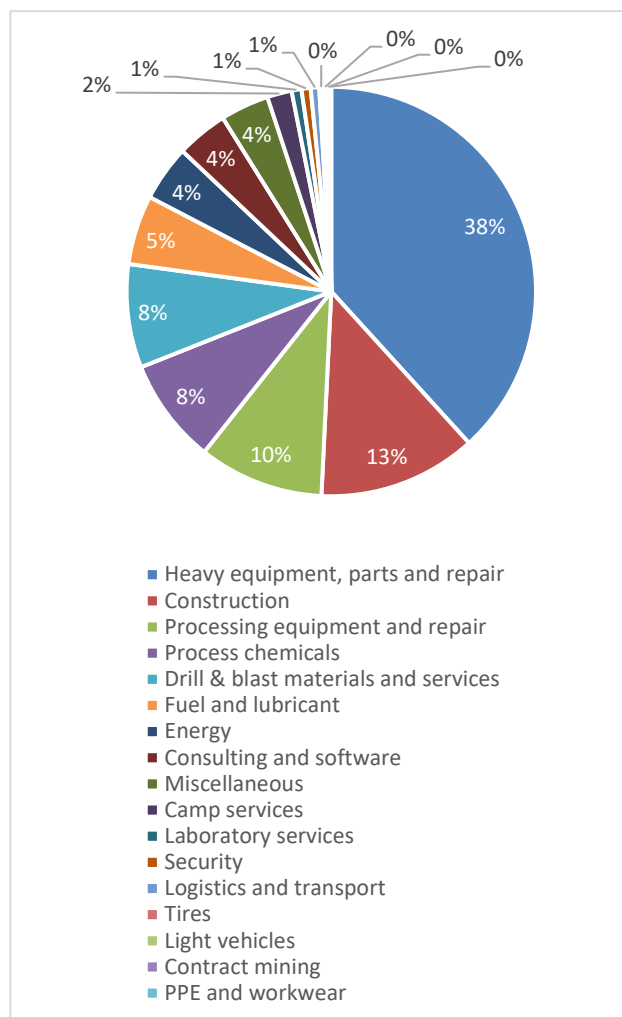
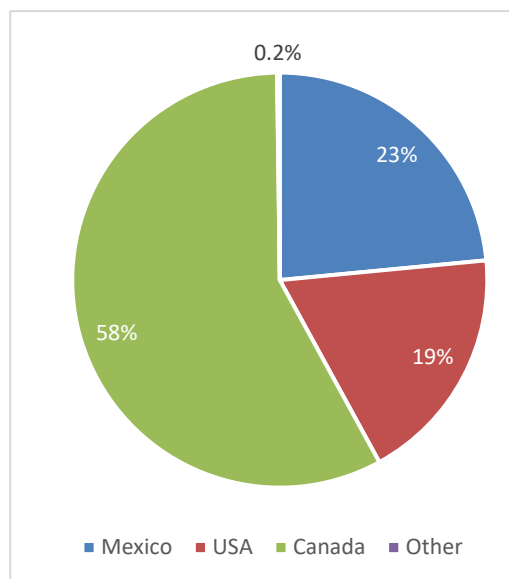


Figure 2: Spend by country



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## SUPPLY CHAIN DUE DILIGENCE

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Argonaut began developing a supply chain due diligence system to identify and address modern slavery risks in its supply chain in 2023 which it continues to implement in 2024. A committee was established including corporate and site representatives from Legal, Supply Chain, and Sustainability departments to oversee the development and implementation of the system.

At all sites, contractors are required to undergo training on Argonaut policies and procedures relevant to the nature of their work, and contractor health and safety and environmental performance is assessed when contractors take responsibility for relevant on-site activities.

The supply chain due diligence system implemented in 2024 is focused on engaging with the top ten vendors at each site. Top contractors complete an assessment for modern slavery risk factors, and then complete a Modern Slavery Questionnaire if there are risk factors present. The questionnaire assesses contractors' systems and performance relevant to managing modern slavery risks in their operations and supply chains. For top suppliers that provide physical goods to Argonaut, our due diligence relies on the U.S. Department of Labor's List of Goods Produced by Child Labor or Forced Labor to screen for modern slavery risks. If a good supplied to Argonaut is on the list of at-risk goods, Argonaut applies its Modern Slavery Questionnaire. When a supplier is not aware of the country of origin of significant components of its products, Argonaut applies a survey to assess the supplier's supply chain due diligence systems and encourages the supplier to track the country of origin.

### **Contractor management at Magino**

Our Magino mine began implementing an enhanced contractor management system in 2023 that includes screening of contractor systems for modern slavery. To date, nearly 100 contractors have completed a questionnaire. 44 have a policy in place that condemns the use of forced labour, and 46 provide some form of training on human rights to their employees.

If Argonaut becomes aware of an incidence of modern slavery in its supply chain, it will apply the UN Guiding Principles on Business and Human Rights to determine an appropriate response which could include, among other actions, working with the supplier to provide access to remedy.

## MODERN SLAVERY RISKS IN ARGONAUT'S SUPPLY CHAIN

Based on the responses received from vendors to date, Argonaut is not aware of any instances of modern slavery in its supply chain.

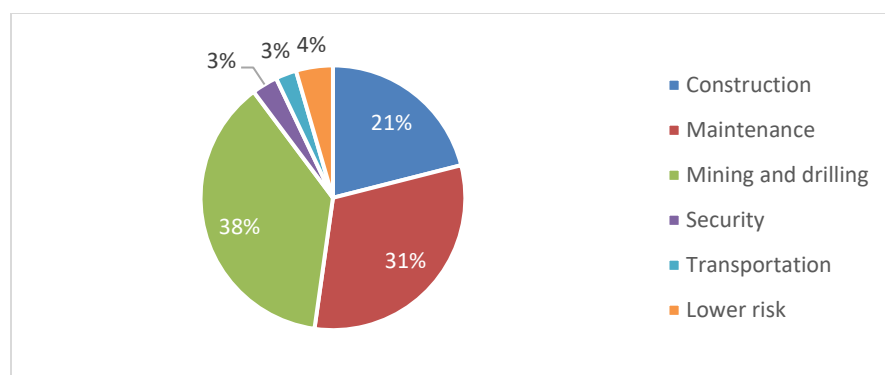
Argonaut identified risk factors for modern slavery for contractors and suppliers based on guidance material including the International Labour Organization's "Combating Forced Labour: A Handbook for Employers and Business", the Walk Free foundation's "Global Slavery Index", and the US Department of Labor's "List of Goods Produced by Child Labor or Forced Labor". Risk factors are based on economic sectors, the nature of the workforce, and business relationships.

Risk factors	Sources of risks
Economic sectors	<ul style="list-style-type: none"> <li>• Services (including transport, food service, cleaning, security, and waste management)</li> <li>• Maintenance</li> <li>• Construction</li> <li>• Manufacturing</li> <li>• Mining and drilling</li> </ul>
Type of workers	<ul style="list-style-type: none"> <li>• Migrants</li> <li>• Low-skilled</li> <li>• Seasonal and temporary</li> <li>• Children</li> <li>• Traditionally discriminated groups such as Indigenous peoples or women</li> </ul>
Business relationships / structure	<ul style="list-style-type: none"> <li>• Use of recruitment agencies</li> <li>• Sub-contracting</li> <li>• Outsourced labour</li> <li>• Informal businesses</li> </ul>

Argonaut categorized the goods and services that it procures and applied the risk factors to identify at-risk goods and services in its supply chain.

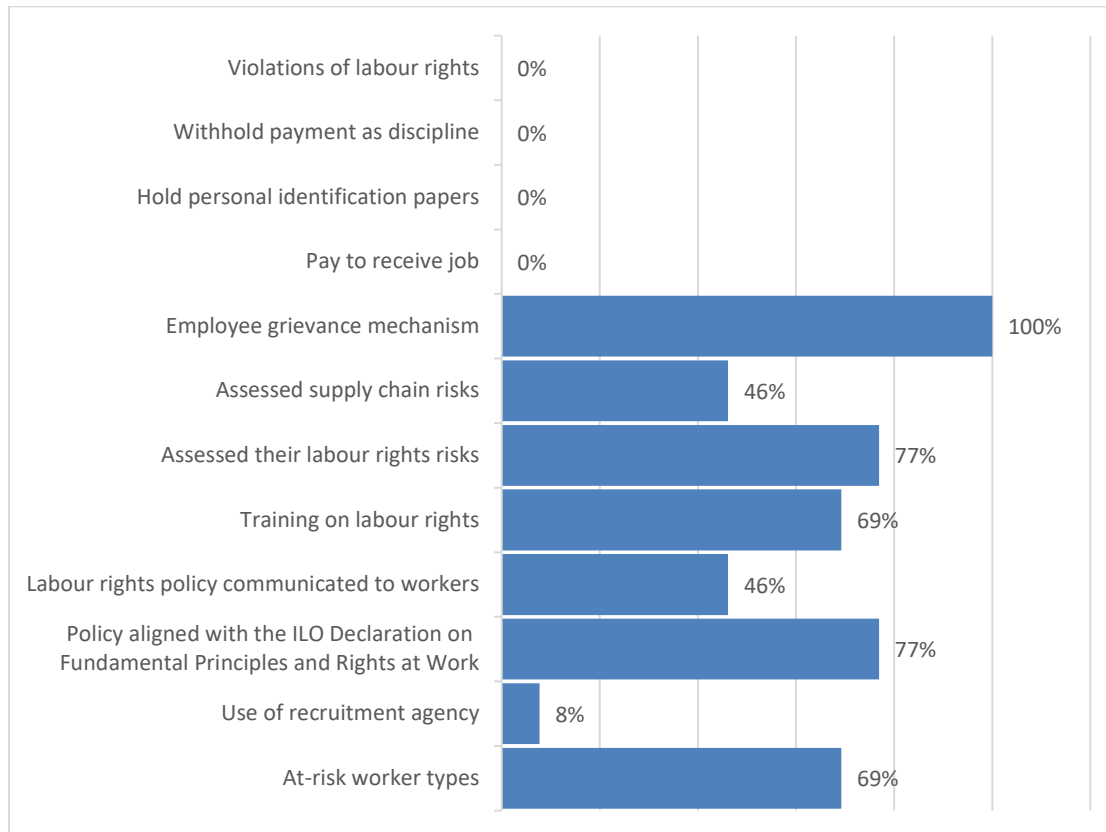
The following activities conducted by on-site contractors were identified as at-risk for modern slavery: construction, maintenance, mining and drilling, security, and transportation.

Figure 3: Contractor spend by at-risk economic sector



Half of Argonaut's top 26 contractors responded to the modern slavery questionnaire. Out of these 13 contractors, nine employed workers from higher-risk groups including unskilled, seasonal, and migrant workers, and one contractor used a recruitment agency. While 77% had a policy that directly referenced the ILO's Fundamental Principles and Rights at Work, only 46% had communicated this policy to their workers. One hundred percent reported that workers had access to a grievance mechanism, and none of the contractors reported that payment is ever withheld as a form of discipline, that workers' personal identification is ever held, that workers had to pay to receive a job, or that there had been any formal labour rights violations.

Figure 4: Contractor responses on modern slavery risk management



The following categories of goods were identified as potentially at-risk for modern slavery due to their presence on the US Department of Labor's *List of Goods Produced by Child Labor or Forced Labor*. However, these goods are only at-risk for modern slavery if they are sourced from specific countries of origin listed for each good on the list. Argonaut is following up with its top suppliers that provide these goods to determine if they are sourced from the at-risk countries for each good. To date, we are not aware of any at-risk goods sourced from at-risk countries.

Categories	At-risk goods
Heavy equipment and parts	Brass, ceramics, copper, steel, mica, rubber, electronics, tin, zinc
Processing equipment and repair	Brass, ceramics, copper, steel, mica, electronics, tin, tungsten, zinc
Process chemicals	Coal (activated carbon), limestone (lime)
Fuel and lubricant	Biofuels
PPE and workwear	Footwear, garments, gloves
Tires	Rubber, steel, silica
Electronics	Lithium-ion batteries (cobalt), semiconductors (polysilicon)
Light vehicles	Brass, ceramics, copper, steel, mica, rubber, electronics, tin, zinc

#### APPROVAL AND ATTESTATION

This Report was approved by Argonaut's Board of Directors on May 23, 2024, as the governing body of Argonaut and the reporting entities, as per section 11, paragraph 4.b.ii. of the Act.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. I have authority to bind Argonaut Gold Inc. and the other reporting entities.



Richard Young  
Chief Executive Officer and Director of Argonaut Gold Inc.  
May 27, 2024