



Anaconda
Mining

SOCIO-ECONOMIC IMPACT OF THE GOLDBORO GOLD PROJECT

For: Anaconda Mining TSX:ANX

Group ATN Consulting Inc.

www.groupatn.ca

**GROUP
A-T-N
CONSULTING INC**

FEBRUARY 18, 2022

18 February 2022

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RE: The Goldboro Gold Project Feasibility Study (FS)

Dear Mr. Dufour,

Group ATN Consulting Inc. (GATN) is pleased to provide Anaconda Mining ("Anaconda" or the "Company") with the following socio-economic assessment of Anaconda Mining's proposed Goldboro Gold Project ("Goldboro" or the "Project"), detailing its potential impact on the economy of Nova Scotia as well as an assessment of the potential economic benefits arising from the participation of the Mi'kmaq of Nova Scotia on various aspects of the Project.

This report provides a conceptual assessment of what the Project could potentially look like over time, based on projections currently available from the Feasibility Study prepared for the Project.

Sincerely,



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GOLDBORO GOLD PROJECT IMPACTS in Nova Scotia



Total project spending of **\$1.7b** will generate...



Jobs in Nova Scotia

Total Construction will generate

325

jobs directly on site with an additional

213

spinoff jobs for each year of construction

Operations will generate

215

jobs directly on-site for the 13 years of operation and an additional

517

spinoff jobs in each year of operation

Combined, an average of

735

jobs per year for each of the 15 years of the project, including

230

direct and on-site jobs and

505

in yearly spinoff jobs

YEARS OF BENEFITS



15

years of direct and spin-off benefits for NS

GDP IMPACT



\$2.1b

direct and spin-off GDP impact for NS

HOUSEHOLD INCOME



\$1.1b

direct and spin-off household income for NS

GOVERNMENT REVENUES



\$528m

in total government tax revenue



\$209m

in federal tax revenue



\$274m

in provincial tax revenue



\$44m

in municipal tax revenue



EXECUTIVE SUMMARY

Mining is an important economic generator in Canada and Anaconda is an important part of this sector.

Anaconda Mining (TSX:ANX) is a gold mining, development, and exploration company, focused on Atlantic Canada. In existence for more than a decade, Anaconda has operated mining and milling operations in the Newfoundland Baie Verte Mining District, including the Pine Cove Mill, tailings facility and deep-water port.

Anaconda's¹ Goldboro Gold Project is an advanced development project in Guysborough County, Nova Scotia, planned as a long-life open pit mining operation.

Anaconda has been actively working in Nova Scotia since 2017 to advance this significant project. This has included completing extensive exploration programs, geotechnical, hydrogeological, and baseline environmental studies, and undertaking community and Indigenous engagement.

In 2018, Anaconda received the permits required to proceed with the extraction of a 10,000-tonne underground bulk sample which showed encouraging results.

Initially envisioned to be a small-scale underground mining project, the project scope has undergone several iterations over the past four years and has become a significant long-life gold project in Canada.

In February 2021, Anaconda announced a significant increase to its mineral resource estimates which the Company noted at the time "demonstrate[d] the potential to meaningfully expand the scale of the Project." With the increased scale and mine longevity comes greater economic potential for Nova Scotia.

An economic engine: The mining industry has contributed greatly to Canada's economic strength. The industry directly employs 392,000 workers across the country in mineral extraction, smelting, fabrication, and manufacturing, and indirectly employs an additional 327,000 people.

Proportionally, the mining industry is also the largest private sector employer of Indigenous peoples, providing over 16,500 jobs. In 2019, the minerals sector directly and indirectly contributed \$109 billion, or roughly 5%, to Canada's total nominal GDP.

Mining Facts | The Mining Association of Canada

https://mining.ca/wp-content/uploads/dlm_uploads/2021/04/FF-2020-EN-Web.pdf

¹ The Goldboro Gold Project is a high-grade, advanced exploration and development project that forms a strategic part of Anaconda's strategy for near-term growth. Goldboro is located in Guysborough County approximately 185 km northeast of Halifax.

<https://www.anacondamining.com/>

Based on the current Feasibility Study for the Project, the surface gold mine will operate a 4,000-tonne per day ("tpd") processing facility and associated mining infrastructure. The mine is projected to produce on average 100,000 ounces of gold per year over approximately 11-years generating approximately \$2.2 billion in gross revenues.

The Company has noted there continue to be significant upside both to the west of the deposit and at-depth, however for the purposes of this study, we have factored information for a 15-year project life cycle including construction (2 years), operations (11 years), and initial remediation² (2 years). For the purposes of our impact analysis, operations and remediation have been combined and will be reflected as such.

The Project consists of two surface extraction areas (open pits). An ore processing facility, constructed north of the current road, will accept feed material that would be subject to crushing, grinding, and concentration methods to produce a gold doré bar on site, which would then be further refined into gold bullion.

Over the course of the Project life cycle, which is projected to be over 15 years including construction and long-term environmental reclamation and monitoring, Anaconda will spend \$1.7 billion on a variety of capital and operating costs, including wages and salaries, equipment, supplies, and sub-contractors, reaching nearly \$235 million in pre-preproduction work, and averaging nearly \$90 million per year during the operational phase of the mine.

To independently demonstrate the social and economic impacts of the Goldboro Gold Project throughout its approximately 15 years of construction and operations activity, Anaconda engaged Group ATN to complete a socio-economic impact analysis of the potential benefits accruing to the Province of Nova Scotia, and the potential benefits to Nova Scotia Mi'kmaq. The resulting analysis estimates the impacts based on construction and operational forecasts provided by Anaconda over the life of the mine, from construction and pre-production activity to commercial production, and finally the decommissioning phase, which includes environmental rehabilitation and long-term environmental monitoring.

The Goldboro Gold Project is a significant development project for the province of Nova Scotia. It is taking place in a part of the province that has historically faced significant economic challenges, punctuated by historical industry closures, outmigration, and an aging demographic. More recent impacts of the global Covid-19 pandemic are yet to be fully understood, but anecdotally there is some evidence that the region has experienced in-migration as those from larger centres seek what they perceive to be safer arrangements, augmented by increasingly enhanced connectivity which permits efficient remote working. In an area of the province where the labour force may be limited, the

² Remediation: The environmental monitoring component of remediation can continue for an undetermined amount of time. For the purpose of this study only the first two years are considered in the financial analysis because that is when the vast amount of spending will occur.

confluence of the Goldboro Gold Project and the influx of new residents may mean that the municipality, and the province may be able to capture more of the economic benefit than might

THE GOLDBORO PROJECT, NOVA SCOTIA: The Goldboro Property (the Property) is situated on the eastern shore of Nova Scotia, Canada. The Property's central point is approximately located at 45° 12' 2.6" N latitude and 61° 39' 2.0" W longitude. The Property consists of 37 contiguous claims, registered through the Company's wholly owned subsidiary Orex Exploration Inc., covering a total area of approximately 592 hectares held under Exploration Licence No. 05888. This title is in its 42nd year of issue and is renewed every two years, with the next renewal date on November 29, 2021.

The Property is located approximately 175 km northeast of the city of Halifax, 60 km southeast of the town of Antigonish, and 1.6 km north of the village of Goldboro, on the eastern shore of Isaac's Harbour, in Guysborough County, Nova Scotia, Canada. The elevation is nominally 70 m above sea level.

Anaconda Mining

https://www.anacondamining.com/anx/goldboro_project/3312

Summary of Provincial Economic Impacts:

- Over 15 years Anaconda will spend \$1.7 billion on goods and services. The majority of this spending will be in Nova Scotia, resulting in a provincial GDP impact of \$2.1 billion.
- Household income in Nova Scotia will increase by nearly \$1.1 billion because of this project.
- 538 full time direct jobs will be created during the two-year construction phase. It is expected that
 - 325 of those jobs will be directly on site at the Goldboro Gold Project over this period.
 - There will be a further 213 full time spinoff jobs over this period.
- Once operational, the Project will provide direct annual employment for approximately 215 full time positions at the Project site, in the Eastern Region of Nova Scotia where the unemployment level of 14.2% exceeds the provincial average.
- Over the 15 year life of the project:
 - An average of 230 direct full-time jobs will be created including both the construction and operations phase, representing a total of 3,445 full time direct year-long jobs over that period.

- Additionally, an equivalent average of 505 spin-off full time jobs will be generated through the provision of related spin off good and services, representing a further 7,576 spinoff year-long jobs over the 15-year period.

■ **Ultimately, the Goldboro Gold project will create 735 NEW full time equivalent jobs a year in Nova Scotia for 15 years.**

At \$1.7 billion in direct spending and \$2.1 billion impact on provincial GDP, **the Goldboro Gold Project will be the largest private sector project in the Province of Nova Scotia** and compares with other planned projects including³:

- Halifax Infirmary Expansion, estimated at \$1.5 billion+, and
- Sydney Container Terminal estimated at \$1.5 billion.

To compare projects closer to the region and yearly financial benefits, the annual benefits of the Goldboro Gold Project is on par with the spending contemplated for the Port Hawkesbury Paper 112-megawatt wind farm which will only happen in one year – the Goldboro Gold Project is equivalent to building a new 112-megawatt wind farm project every year for 15 years.

The Company will pay \$528 million in federal/provincial/municipal taxes over the life of the project. More than 80% of tax revenue will be collected by the province of Nova Scotia, supporting important public programs and services such as health care and education, as well as infrastructure such as roads, schools, and recreational facilities. Beyond the economic impact of this Project, two important values Anaconda brings to this development are:

- A commitment to meaningful and ongoing engagement with all stakeholders and rights holders; and
- Strong environmental practices, as demonstrated by over 10 years of successful operations in Newfoundland.

At a time when Corporate Social Responsibility has become so important, ensuring productive and open relationships with all stakeholders and rightsholders is a key component of Anaconda's corporate culture. This is a central element of Anaconda's socio-economic commitment to the region.

Anaconda has been diligent in engaging with the local community and other stakeholders, including Mi'kmaq interests. Anaconda has opened opportunities for dialogue and engagement with representatives of Nova Scotia Mi'kmaq First Nations, the Municipality of the District of Guysborough, and the public regarding the Goldboro Gold Project since 2017.

To optimize the local economic benefits and impacts of this Project, Anaconda's objective is to focus on opportunities for the residents and businesses within the region to participate in the Project. This has been an enduring commitment throughout the permitting process.

³ These values are based on APEC' Major Projects Inventory for 2021.

Taking this approach enables Anaconda to establish its operations as an active member of the community and a participant in the sustainable development in North Eastern Nova Scotia. To further aggregate local economic benefit impacts, Anaconda will endeavour to award contracts to local businesses where feasible, as well as other businesses within the province.

In relation to environmental practices, Anaconda is committed to best practices in sustainable mine development and ensuring the protection of natural resources and the environment. These practices include reducing water and energy consumption, preventing soil, water, and air pollution at the mine site, minimizing land disturbance and waste production, and conducting successful mine closure and reclamation activities.

Company Engagement with Mi'kmaq of Nova Scotia

Anaconda initiated engagement with the Mi'kmaq of Nova Scotia upon acquiring the mineral rights for the project from Orex Exploration in 2017, including conversations with Kwilmu'kw Maw-klusuaqn (KMKNO), the Assembly of Nova Scotia Mi'kmaq Chiefs and Paqtnkek First Nation.

Anaconda recognizes the asserted Aboriginal and Treaty Rights and Title of Nova Scotia Mi'kmaq. The Company routinely shares project information Kwilmu'kw Maw-klusuaqn Negotiation Office ("KMKNO") and representatives of Paqtnkek Mi'kmaw Nation. On June 2, 2019, the Company and the Assembly of Nova Scotia Mi'kmaw Chiefs signed a Memorandum of Understanding ("MOU") that outlines the process the parties are using toward the development of a Mutual Benefits Agreement ("MBA") with respect to the Project. This process is ongoing.

Anaconda maintains its commitment to work collaboratively with Nova Scotia Mi'kmaq regarding environmental and cultural priorities, as well as social and economic opportunities throughout the life of the project. Information shared through ongoing Mi'kmaq engagement as well as completion of a Mi'kmaq Ecological Knowledge Study ("MEKS") in 2017, has been reflected in the development of the Project. A new MEKS is in progress that will reflect any new information or considerations related to the current footprint. The Company welcomes an opportunity to engage with any Mi'kmaw Community's Council or Mi'kmaq organization that has an interest in the Project.

With this in mind, Group ATN have presented a number of scenarios to quantify potential impacts for the Mi'kmaq of Nova Scotia.

Detailed Summary of Economic Impacts

In presenting these impacts, the economic impact analysis highlights the significant employment potential of this important development in a largely rural area of Nova Scotia. This detailed summary of impacts addresses the economic value of the two streams associated with the proposed mine development.

The analysis of these impacts is based on:

- Capital spending during construction; and
- Cumulative Operation of the mine over its life of mine, including the decommissioning phase comprising environmental rehabilitation and long-term environmental monitoring.

Results are as follows:

NOVA SCOTIA WIDE CONSTRUCTION IMPACTS

Estimated direct and spin-off impacts on Nova Scotia because of the construction activity are:

- \$198 million in direct and spinoff Gross Domestic Product
- 538 full time jobs, inclusive of 325 full-time direct jobs, in each year of construction (1,504 person years in direct and spinoff employment over the two-year period)
- \$151.5 million in direct and spinoff household income
- \$45.9 million in direct and spinoff government tax revenues, including:
 - \$19.8 million in direct and spinoff federal tax revenues
 - \$19.8 million in direct and spinoff provincial tax revenues; and
 - \$6.3 million in direct and spinoff municipal tax revenues.

NOVA SCOTIA WIDE OPERATIONAL IMPACTS

Operationally, the approximately 13 years of activity will generate the following direct and spin-off impacts:

- \$1.9 billion in direct and spinoff Gross Domestic Product
- 732 NEW full-time jobs in each year of operations, including 215 direct full-time jobs at the Project (9,517 person years in direct and spinoff employment over the 13 years of operations)
- \$955.6 million in direct and spinoff household income
- \$481.6 million in direct and spinoff government tax revenues, including:
 - \$189.2 million in direct and spinoff federal tax revenues
 - \$254.4 million in direct and spinoff provincial tax revenues; and
 - \$38.1 million in direct and spinoff municipal tax revenues.

The following table provides a summary of the construction impacts (over a two-year period), the 13 years of operational spending impacts, and the cumulative total in millions of dollars.

Total Impacts to Nova Scotia	Construction Impacts	Operational Impacts	Total Impacts for Nova Scotia
Gross Domestic Product	\$198.7 M	\$1,927.5 M	\$2,126.2 M
Employment (person years, full year positions)	1,504	9,517	11,021
Household income	\$151.5 M	\$955.6 M	\$1,107.2 M
Government tax revenues	\$45.9 M	\$481.6 M	\$527.5 M
Federal tax revenues	\$19.8 M	\$189.2 M	\$209.0 M
Provincial	\$19.8 M	\$254.4 M	\$274.2 M
Municipal	\$6.3 M	\$38.1 M	\$44.3 M

This level of employment demand in this part of the province is significant and has been encouraged by the Municipality of the District of Guysborough. In general, the demographic challenges in Nova Scotia are very significant. The population is older and outmigration from rural areas continues to erode the labour force in these communities.

The Municipality of the District of Guysborough has had similar challenges, so this development has the potential to help reverse that worrisome trend by creating meaningful, well-paying jobs in a rural community.

The Goldboro Gold Project is a modern mining project being undertaken with a focus on environmental probity and with a clear interest in earning a social license to operate by engaging key stakeholders and rightsholders. – local citizens, Mi'kmaq, The Municipality of the District of Guysborough, as well as government departments, agencies and regulators.

LIMITATIONS

This report was prepared by Group ATN Consulting Inc. ("GATN") for Anaconda Mining Inc. in accordance with the professional services agreement GATN entered with Anaconda. The disclosure of any information contained in this report is the sole responsibility of Anaconda. The material within the report reflects GATN's best judgement considering the information available at the time of preparation. Any use which a third party makes of this report, or any reliance on or decisions to be made based on it, are the responsibility of such third parties. GATN accepts no responsibility for damages, if any, suffered by any third party as a result of decisions made or actions based on this report. This limitations statement is considered part of this report. The original of the technology-based document sent herewith has been authenticated and will be retained by GATN for a minimum of ten years. Since the file transmitted is now out of GATN's control and its integrity can no longer be ensured, no guarantee may be given with regards to any modifications that may have been made to this document.

Table of Contents

1	INTRODUCTION	1
1.1	STUDY BACKGROUND	2
2	METHODOLOGY.....	3
3	CONSTRUCTION / CAPITAL SPENDING.....	5
4	OPERATIONAL / CAPITAL SPENDING	5
5	TOTAL ECONOMIC IMPACTS FOR NOVA SCOTIA	6
6	INDIGENOUS ENGAGEMENT	7
7	POTENTIAL ECONOMIC IMPACTS FOR MI'KMAQ OF NOVA SCOTIA.....	7
8	BENEFITS TO MUNICIPALITY OF THE DISTRICT OF GUYSBOROUGH.....	9
9	OBSERVATIONS & CONSIDERATIONS.....	10
	APPENDIX A:	12

1 INTRODUCTION

Nova Scotia has a rich mining history. Extraction of minerals in Nova Scotia predates colonial contact. Historically, the Mi'kmaq of Nova Scotia mined clay, native copper and used stone to make tools and various implements.

Many small communities in Nova Scotia, including Goldboro, proudly celebrate the mining tradition as an important part of their heritage.

The objective of this analysis is to provide an understanding of the social and economic impacts of the Goldboro Gold Project on the Province of Nova Scotia.

An important sub-objective of this analysis is to contribute to a broadening of understanding as to the potential benefits of the Goldboro Gold Project to the Mi'kmaq of Nova Scotia.

A few important facts are noteworthy. These include:

- Mining is **the highest-paying natural resource industry and one of the highest-paying of all industries in the Province** of Nova Scotia employing 5,500 people, mostly in rural areas, and contributing \$420 million to the province's economy each year.
- Usually located in rural areas, **mining is often the backbone of the local rural economy**, helping to provide jobs in the community, sustaining population growth and retention, creating broader economic spin-offs through the mining supply chain, and helping shore up the local tax base which supplies a broad range of important services to citizens.
- Mining in Nova Scotia and elsewhere is **governed by a strong regulatory regime** including environmental considerations - dust, noise and blasting activities – which are closely regulated by the Province of Nova Scotia.
- All mining companies, Anaconda included, are required to submit an **environmental reclamation** plan at the beginning of the Project. With that comes a financial performance bond that is determined by the provincial government and held with them to ensure that adequate funds are in place to ensure that environmental remediation takes place. This commitment and important practice are key to ensuring future generations will continue to enjoy an area after mining operations have ceased.

Equally noteworthy, globally, responsible mining companies like Anaconda are taking active steps on an ESG agenda – **environmental, social and governance** considerations. Like many other industries, this involves identifying priorities, measuring their performance, and reporting on results.

The value of this focus on ESG for the mining industry is that it is an important methodology to consider whether there are environmental, social or governance risks that may affect the industry or operation's ability to: raise capital; obtain permits; work with communities, regulators and NGOs; and/or protect their assets from impairments.

This focus also supports the identification of opportunities to reduce energy; water usage; carbon emissions; improve operational performance; enhance community and regulatory relationships; and manage closure and reclamation.

ESG reporting adds an added dimension of industry transparency and accountability. It is also an important dimension of the mining industry's investment in securing a social license for its operations.

1.1 STUDY BACKGROUND

Typically, studies on the economic impact of the mining projects have taken a narrow approach, accounting for the mining operations themselves. The focus of this study is on taking a more integrated approach to examining the industry's impact on the Province of Nova Scotia, but also the potential benefits that may accrue to the Mi'kmaq of Nova Scotia, including but not limited to their role in supply chain opportunities, in procurement, and direct employment opportunities.

Any scan of global trends in mining reveals several important areas of focus including:

- Recovery from the pandemic.
- From a climate change accountability perspective, greater attention to the growing need to seamlessly integrate emissions data with a company's operational and financial data; and

Why is ESG important?

ESG has come to the forefront primarily through investors demanding increased attention on environmental, social and governance-related matters and data. In short, investors are starting to look beyond financial statements and now want to consider the ethics, competitive advantage and culture of a mining organisation.

<https://www.slrconsulting.com/news-and-insights/insights/esg-insights-what-does-esg-mean-mining-industry>

How does ESG apply to the mining industry?

Due to the very nature of the metals and mining industry, ESG has long been a focus for governments, NGOs, industry bodies and wider society concerned by the environmental and social impacts of the extractives sector. Over recent years, these concerns have led to the introduction of wide-reaching and robust ESG-focused regulations, codes and principles for mining.

<https://www.decipher.com.au/blog/mining-resources/the-growing-importance-of-esg-in-mining>

- Adoption of *environmental, social and governance* (ESG) frameworks and metrics.

As noted in the above text box, ESG metrics and reporting are becoming an important consideration across a variety of sectors, mining among them.

2 METHODOLOGY

At a high level, our approach to assess the economic impacts of the Goldboro Gold Project involved collecting expenditure data from Anaconda and reviewing the financial operations of the proposed mine site near the Village of Goldboro, NS. This includes an examination of the construction cost estimates and mine operations, taking place over a period of 15 years, from construction to pre-production, to mining and commercial production, to mine decommissioning and reclamation.

Existing secondary information was secured and referenced to complement this primary research. This included an examination of input-output ("I-O") tables, as well as documents provided by the Company. Supplemental primary sources included interviews with Anaconda staff. A significant component of these materials reflects an innovative goal of engaging the Mi'kmaq of Nova Scotia as partners and to actively leverage opportunities going forward so that maximum social and economic benefits are realized.

A proprietary inter-provincial I-O model was used to map the economic relationships of the Goldboro Gold Project, and ultimately quantify its contribution to the Nova Scotian economy across the life cycle of the mine operations, from development to decommissioning.

The I-O simulation model was tailored to the Nova Scotia economy to generate all mine-related economic impacts. The results of this I-O analysis provides a detailed measure of the impact of the Goldboro Gold Project and its relationship to the Nova Scotian economy including:

- Economic impact in terms of direct, indirect, and induced⁴ activity reflecting the entire Goldboro Gold Project supply chain:
 - Employment (jobs)
 - Household income; and
 - Contribution to federal, provincial, and local taxes.

The key assumptions used in this analysis relate to the financial information and are based on information provided by Anaconda. **Table 1** provide details on mine expenditures relating to capital (CAPEX) and operations (OPEX) as outlined in the independent feasibility study prepared for the Project.

⁴ Combined, the indirect and induced effects are referred to as spinoff effects.

When completed, the Company will have spent almost \$1.7 billion over 15 years on a variety of good and services in support of the full range of activities surrounding the Project, from pre-production development efforts, through to commissioning and operations, to site reclamation. This includes over \$271 million in construction work related to the pre-production mine development, with the balance of nearly \$1.4 billion spent on mine operations and related costs. The Company expects incur a further \$528 million in direct income and mining taxes.

As a site specific and labour- and capital-intensive project, most of this spending will be within Nova Scotia at an estimated \$1.1 billion, or nearly 71% of wage spending. As a result, the project is expected to have significant direct and indirect employment opportunities for Nova Scotia. This will have a significant impact on the communities along Nova Scotia's Eastern Shore, an area that has been beset with economic challenges. Estimates show that the mine operations will require upwards of 215 direct full-time positions as soon as production begins. Most of these jobs will be in the mine operations, followed by mill work and office/administration.

This level of employment demand in this part of the province is significant and will be encouraging to residents and municipal leaders alike. In general, the demographic challenges in Nova Scotia are very significant. The population is older and outmigration from rural areas continues to erode the labour force in these communities. Guysborough County has had similar challenges.

These trends have had implications for the area's infrastructure. As such, housing and accommodations may need to be provided for a workforce that may commute from other areas and / or take short-term residence within the area.

This will create an opportunity to provide accommodation options for employees that could include onsite accommodations, short-term rentals, or purchase of single or multi-unit dwellings in the surrounding area, factors which will further enhance the economic impact.

In the Community Benefits Agreement signed with the Municipality of the District of Guysborough, Anaconda has committed to \$5,000 for Anaconda employees who purchase or build a home within the municipality.

Table 1: Summary of Mining Revenues, Expenses, Capital (CAPEX) and Operating (OPEX)

	Details	Amount
1	Gross Revenue	\$2,203,565,000
2	Selling Costs	\$(4,658,000)
3	Net Revenue	\$2,198,907,000
4	Operating Costs	\$(1,059,324,000)
5	Operating Cash Flows	\$1,139,583,000
6	Sustaining Capital	\$(63,105,000)
7	Upfront Capital Costs	\$(271,050,000)
8	Other Costs	\$(50,302,000)
9	Total Pre-Tax Cash Flow	\$755,126,000
10	Income Tax (Federal and Provincial)	\$(204,198,000)
11	Mining Tax	\$(21,989,000)
12	Subtotal Tax Costs	\$(226,187,000)
13	After-Tax Cash Flow	\$528,939,000

3 CONSTRUCTION / CAPITAL SPENDING

The economic impacts generated by this **\$271 million in capital spending** are provided in the following table:

Table 2: Construction Impacts

Mine Goldboro – CAPEX (Millions)	Nova Scotia	Rest of Canada	Total
Gross Domestic Product	\$198.7 M	\$102.4 M	\$301.2 M
Employment (person years, full year positions)	1,504	953	2,457
Household income	\$151.5 M	\$62.3 M	\$213.8 M
Government tax revenues	\$45.9 M	\$20.0 M	\$65.9 M
Federal tax revenues	\$19.8 M	\$8.6 M	\$28.4 M
Provincial	\$19.8 M	\$8.5 M	\$28.3 M
Municipal	\$6.3 M	\$2.9 M	\$9.2 M

The **cumulative capital impacts for Nova Scotia resulting** from the Goldboro Gold Project are:

- \$198 million in direct and spinoff Gross Domestic Product
- 538 full time jobs, inclusive of 325 full-time direct jobs, in each year of construction (1,504 person years in direct and spinoff employment over the 2-year period)
- \$151.5 million in direct and spinoff household income
- \$45.9 million in direct and spinoff government tax revenues, including:
 - \$19.8 million in direct and spinoff federal tax revenues
 - \$19.8 million in direct and spinoff provincial tax revenues; and
 - \$6.3 million in direct and spinoff municipal tax revenues.

These impacts occur during the first two years of pre-production capital work.

4 OPERATIONAL / CAPITAL SPENDING

The economic impacts generated by the operational spending of **\$1.4 billion** are provided in the following table:

Table 3: Operational Impacts

Mine Goldboro – OPEX	Nova Scotia	Rest of Canada	Total
Gross Domestic Product	\$1.9 B	\$646.7 M	\$2.6 B
Employment (person years, full year positions)	9,517	4,273	13,790
Household income	\$955.6 M	\$386.0 M	1.3 B
Government tax revenues	\$481.6 M	\$101.6 M	\$583.2 M
Federal tax revenues	\$189.2 M	\$39.0 M	\$228.2 M
Provincial	\$254.4 M	\$44.7 M	\$299.1 M
Municipal	\$38.1 M	\$17.9 M	\$56.0 M

The **full impacts (direct and spin-off) for Nova Scotia** resulting from the Goldboro Mining Project's operational spending include:

- \$1.9 billion in direct and spinoff Gross Domestic Product
- 732 NEW full-time jobs in each year of operations, including 215 direct full-time jobs at the Project (9,517 person years in direct and spinoff employment over the 13 years of operations)
- \$955.6 million in direct and spinoff household income
- \$481.6million in direct and spinoff government tax revenues, including:
 - \$189.2 million in direct and spinoff federal tax revenues
 - \$254.4 million in direct and spinoff provincial tax revenues; and
 - \$38.1 million in direct and spinoff municipal tax revenues.

5 TOTAL ECONOMIC IMPACTS FOR NOVA SCOTIA

Cumulative impacts arising from construction and operational spending are summarized in the following table:

Table 4: Construction and Operational Impact

Total Impacts to Nova Scotia (Millions)	Construction Impacts	Operational Impacts	Total Impacts for NS
Gross Domestic Product	\$198.7M	\$1.9B	\$2.1B
Employment (person years, full year positions)	1,504	9,517	11,021
Household income	\$151.5M	\$955.6M	\$1,107.2
Government tax revenues	\$45.9M	\$481.6M	\$527.5
Federal tax revenues	\$19.8M	\$189.2M	\$209.0
Provincial	\$19.8M	\$254.4M	\$274.2
Municipal	\$6.3M	\$38.1M	\$44.3

The cumulative direct and spinoff impacts for Nova Scotia resulting from the construction and operational **Goldboro Gold Project** at its conclusion will have amounted to:

- \$2.1 billion in direct and spinoff GDP
- 735 NEW direct and spin-off full-time equivalent jobs for 15 years.
- \$1.1 billion in direct and spinoff household income; and
- \$527.5 million in government tax revenues including
 - \$209.0 million in federal tax revenues
 - \$274.2 million in provincial taxes
 - \$44.3 million in municipal taxes

Appendix A provides summary charts of all impact results.

6 Indigenous Engagement

Part of the mandate for this research was to ascertain an estimate of the potential economic benefits that may accrue to the Mi'kmaq of Nova Scotia. In this regard, outreach was conducted with a number of relevant organizations – KMKNO, Ulnooweg Development Group (UDG), Atlantic Policy Congress (APC), as well as Paqtnkek Mi'kmaw Nation. As well, Group ATN considered some of the benefits being contemplated by as part of a potential Mutual Benefits Agreement.

Engagement regarding a potential Mutual Benefits Agreement with Nova Scotia Mi'kmaq is ongoing. Out of respect for that process, details contemplated in a potential Mutual Benefits Agreement are not included in this document.

In addition to engagement with relevant Mi'kmaq Communities and Organizations, Group ATN also considered other major projects with which we are familiar and that involved impact benefits for Indigenous Communities. These analogues included the completed ~\$400 million Sydney Tar ponds remediation, the planned Boat Harbour Remediation, as well as ongoing projects including Vale's mining in Nunatsiavut, other Western resource development projects and the Muskrat Falls project. Among the analogues examined, the 6-year Sydney Tar Ponds cleanup is regarded by many as a highly successful project. Of the \$400 million in estimated total spending on the Sydney Tar Ponds remediation, an estimated \$70 million accrued to Indigenous-owned businesses and employment activity. Estimates for other projects are contextualized to the particular project and the opportunities presented with the focus on optimizing benefits along a continuum of opportunities including but not limited to training, employment, and contracting.

The Mi'kmaq of Nova Scotia have a well-developed approach to advancing collective commercial projects that benefit all 13 Mi'kmaw Communities. Examples include projects in renewable energy, other energy developments, advanced manufacturing, the Indigenous fishery and cannabis production. These projects contribute to 'own source revenues' which are often reinvested in Mi'kmaq Community infrastructure, education, cultural activities and recreation.

Moreover, the training and employment opportunities associated with these developments open new career and skill development opportunities for Mi'kmaq youth.

7 POTENTIAL ECONOMIC IMPACTS FOR MI'KMAQ OF NOVA SCOTIA

Cumulative impacts arising from construction and operational spending that accrue to the Mi'kmaq of Nova Scotia will be dependent on a number of factors including the nature of any agreements between the Mi'kmaq of Nova Scotia and Anaconda, the interest/opportunity to form partnerships with other companies in the creation of purposeful Mi'kmaq corporations to conduct project related business, the capacity of Community owned enterprises and/or Mi'kmaq owned enterprises to provide services needed, and the availability of the Mi'kmaq labour force.

Striking a balance between ambition and what may be achievable in the context of many other demands on and opportunities for Mi'kmaq businesses and workers, some basic options for project participation include:

- Training and employment for Nova Scotia Mi'kmaq
- Cultivating entrepreneurship and growth potential for new or existing Mi'kmaq companies through teaming arrangements with non-Indigenous companies or aggregating capacity across several Indigenous companies (including Atlantic Indigenous companies)
- Identifying contracts that Mi'kmaq already have capacity to undertake
- Encouraging teaming arrangements and Joint Ventures between Indigenous and non-Indigenous companies
- Bursaries for Mi'kmaq youth in career opportunities related to - mining operations, including but not limited to engineering, environmental monitoring, safety, geology, etc.
- Review of current corporate policies and procedures to appropriately reflect Indigenous inclusion and Cultural Awareness
- All employees at the Goldboro Gold Project will receive Mi'kmaq developed and delivered cultural awareness training
- Funding for workforce development and community capacity building; and
- Regular reporting on results.

To illustrate the range of potential benefits, if the Mi'kmaq of Nova Scotia serviced 15% of all project opportunities, it would mean contributing to \$319 million in GDP, 1,653 full time equivalent positions (110 full time jobs for 15 years) and a contribution to Mi'kmaq household income of over \$166 million in direct and spinoff impacts combined.

Table 5 summarizes this example and also includes one other scenario of 6% (which is scaled to the per-capita equivalent benefit – the 2016 Census indicated that Indigenous people represented 5.7% of the Nova Scotia total population).

Table 5: Potential Range of Impacts for the Mi'kmaq of Nova Scotia

Total Impacts to Nova Scotia	6% Share of Benefits	15% Share of Benefits
Gross Domestic Product (millions)	\$127.6M	\$318.9M
Employment (person years, full year positions)	661	1,653
Household income (millions)	\$66.4M	\$166.1M

Recognizing the uniqueness of this project, the breadth of potential opportunities, its geography and the intent to optimize Mi'kmaq collaboration and economic benefits, Anaconda believes that the best

path forward is to engage an Indigenous Coordinator as part of the Project Team. This position will include the assessment of project-related opportunities to optimize benefits through the various project phases. This position can provide other value-added inputs through the ongoing evaluation of what's working, whether impacts are being materially achieved by tracking and reporting on results and through continued liaison and engagement with Mi'kmaq communities.

This proposed approach has leveraged leading practices from a scan of major projects which provide useful insights into how best to positively impact local economic benefits for Indigenous Communities.

8 BENEFITS TO MUNICIPALITY OF THE DISTRICT OF GUYSBOROUGH

In addition to municipal tax revenue, Anaconda has signed a Community Benefits Agreement with the Municipality of the District of Guysborough to support sustainable social and economic benefits within the Municipality with respect to the Company's Goldboro Gold Project. The Municipality has a strong history of significant natural resource development, including mining, natural gas, and wind energy. It is well established as "open for business" for sustainable commercial and industrial development. Anaconda has maintained engagement with the Municipality as well as with residents and property owners in the region since it acquired the Project in 2017. A Community Liaison Committee was established to foster environmental stewardship and act as a conduit for transparent and ongoing communications between the Company, the community, and local stakeholders, on all matters pertaining to potential development.

The Community Benefits Agreement establishes a framework for a long-term relationship between Anaconda Mining and the Municipality of the District of Guysborough over the life of the Goldboro Gold Project, confirming the Municipality's support for the Project and Anaconda's commitment to bring sustainable social and economic benefits to the members of the Guysborough community.

Such benefits include:

1. Implement targeted measures for local recruitment and employment at both at the construction and operational stages of the Project.
2. Collaborate with the Guysborough Career Resource Centre to assess local labour market training and employment opportunities.
3. Encourage contractors, suppliers, and service providers to maximize opportunities to hire locally and support businesses activities in the Municipality of the District of Guysborough.
4. Engage local businesses and suppliers to identify procurement and service opportunities with the Project.

5. Contribute annual grants for community groups, organizations, and community projects within the Municipality. The value of grants will be \$15,000 per year until commercial production of gold when it will increase to \$100,000 per year for the life of the project.
6. Provide financial incentives for Goldboro employees to purchase or build homes within the Municipality (\$5000 per employee).
7. Establish five bursaries for local high school students. This year there will be \$5000 allocated for the bursaries. This will increase to \$10,000 in 2025 or when commercial gold production begins.
8. Hire co-op work term students and apprenticeship placements.
9. Establish a local Project Information Office within the Municipality in 2022 with a further commitment to maintain a local Operational Office within the Municipality for the life of the Project.
10. Facilitate ongoing dialogue between the Municipality and the Company including quarterly updates to the Municipality as they relate to the Agreement, the implementation of the benefits outlined in the Agreement, and general updates concerning the Project.

9 OBSERVATIONS & CONSIDERATIONS

As one of the highest income sectors in Nova Scotia, mining projects such as the one being contemplated by Anaconda are very valuable in terms of the economic impacts that can be created both from direct mine operations and through supply chain dynamics. What is more difficult to quantify is the leverageable capacity that is gained by the talent developed at these mine site. It is notable that Canadian mining interests are both domestic and international.

As the Mining Industry of Canada points out, Canada's global minerals industry creates opportunities in more than 100 countries. Canada is home to the industry's best exploration firms and a capital market that is the base of operations for more than half of the world's publicly traded mining companies. Likewise, Nova Scotian based expertise, develop on local and national projects, are active in projects world-wide.

At \$1.7 billion in direct spending and \$2.1 billion impact on provincial GDP, **the Goldboro Gold Project will be the largest private sector project in the Province of Nova Scotia** and compares with other planned projects including⁵:

- Halifax Infirmary Expansion, estimated at \$1.5 billion+, and
- Sydney Container Terminal estimated at \$1.5 billion.

⁵ These values are based on APEC' Major Projects Inventory for 2021.

To compare projects closer to the region and yearly financial benefits, the Goldboro Gold Project is on par with the spending contemplated for the Port Hawkesbury Paper 112-megawatt wind farm which will only happen in one year – the Goldboro Gold Project is equivalent to building a new 112-megawatt wind farm project every year for 15 years.

The Goldboro Gold Project is a modern mining project being undertaken with a focus on environmental probity and with a clear interest in earning a social license to operate by engaging key stakeholders and rightsholders. – local citizens, Mi'kmaq, The Municipality of the District of Guysborough, as well as government departments, agencies and regulators.

ECONOMIC IMPACT OF ANACONDA MINING'S GOLDBORO GOLD PROJECT

APPENDIX A:

	CAPEX			OPEX			Total		
	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
EMPLOYMENT (full time, full year positions)	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	1,076	158	1,234	3,798	-	3,798	4,874	158	5,032
INDIRECT	251	457	708	3,535	2,286	5,821	3,786	2,743	6,529
INDUCED	177	338	515	2,184	1,987	4,171	2,361	2,325	4,686
TOTAL	1,504	953	2,457	9,517	4,273	13,790	11,021	5,226	16,248
	61%	39%	100%	69%	31%	100%	68%	32%	100%
HOUSEHOLD INCOME	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$110.1	\$10.5	\$120.6	\$484.5	\$0.0	\$484.5	\$594.6	\$10.5	\$605.1
INDIRECT	\$21.3	\$31.6	\$53.0	\$289.6	\$238.7	\$528.4	\$310.9	\$270.4	\$581.3
INDUCED	\$20.1	\$20.2	\$40.3	\$181.5	\$147.3	\$328.8	\$201.7	\$167.5	\$369.1
TOTAL	\$151.5	\$62.3	\$213.8	\$955.6	\$386.0	\$1,341.7	\$1,107.2	\$448.3	\$1,555.5
	71%	29%	100%	71%	29%	100%	71%	29%	100%
GROSS DOMESTIC PRODUCT	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$132.7	\$16.4	\$149.1	\$1,221.8	\$0.0	\$1,221.8	\$1,354.5	\$16.4	\$1,370.9
INDIRECT	\$32.5	\$50.7	\$83.2	\$403.0	\$389.5	\$792.5	\$435.5	\$440.2	\$875.7
INDUCED	\$33.6	\$35.3	\$68.9	\$302.7	\$257.2	\$560.0	\$336.3	\$292.5	\$628.8
TOTAL	\$198.7	\$102.4	\$301.2	\$1,927.5	\$646.7	\$2,574.2	\$2,126.2	\$749.1	\$2,875.4
	66%	34%	100%	75%	25%	100%	74%	26%	100%
IMPORTS	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$60.8	\$0.0	\$60.8	\$446.9	\$0.0	\$446.9	\$507.7	\$0.0	\$507.7
INDIRECT	\$45.6	\$20.3	\$66.0	\$134.3	\$101.4	\$235.7	\$179.9	\$121.7	\$301.7
INDUCED	\$20.4	\$14.8	\$35.3	\$184.3	\$108.8	\$293.2	\$204.8	\$123.7	\$328.4
TOTAL	\$126.9	\$35.2	\$162.1	\$765.5	\$210.2	\$975.8	\$892.5	\$245.4	\$1,137.9
	78%	22%	100%	78%	22%	100%	78%	22%	100%
GOVERNMENT TAX REVENUES	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$26.3	\$2.5	\$28.8	\$328.1	\$0.0	\$328.1	\$354.4	\$2.5	\$356.8
INDIRECT	\$7.6	\$8.4	\$16.0	\$64.2	\$43.0	\$107.1	\$71.8	\$51.4	\$123.2
INDUCED	\$12.0	\$9.1	\$21.1	\$89.4	\$58.6	\$148.0	\$101.4	\$67.8	\$169.1

ECONOMIC IMPACT OF ANACONDA MINING'S GOLDBORO GOLD PROJECT

TOTAL	\$45.9	\$20.0	\$65.9	\$481.6	\$101.6	\$583.2	\$527.5	\$121.6	\$649.2
	70%	30%	100%	83%	17%	100%	81%	19%	100%
FEDERAL TAX REVENUES	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$12.0	\$1.2	\$13.1	\$134.3	\$0.0	\$134.3	\$146.3	\$1.2	\$147.5
INDIRECT	\$3.5	\$3.9	\$7.4	\$26.5	\$17.7	\$44.2	\$29.9	\$21.6	\$51.6
INDUCED	\$4.4	\$3.5	\$7.9	\$28.4	\$21.3	\$49.7	\$32.7	\$24.8	\$57.6
TOTAL	\$19.8	\$8.6	\$28.4	\$189.2	\$39.0	\$228.2	\$209.0	\$47.6	\$256.6
	70%	30%	100%	83%	17%	100%	81%	19%	100%
PROVINCIAL	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$10.8	\$1.0	\$11.8	\$184.1	\$0.0	\$184.1	\$194.9	\$1.0	\$195.9
INDIRECT	\$3.1	\$3.3	\$6.4	\$25.2	\$17.2	\$42.3	\$28.3	\$20.5	\$48.8
INDUCED	\$5.9	\$4.2	\$10.1	\$45.2	\$27.5	\$72.6	\$51.0	\$31.7	\$82.7
TOTAL	\$19.8	\$8.5	\$28.3	\$254.4	\$44.7	\$299.1	\$274.2	\$53.1	\$327.4
	70%	30%	100%	85%	15%	100%	84%	16%	100%
MUNICIPAL	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$3.5	\$0.3	\$3.8	\$9.7	\$0.0	\$9.7	\$13.2	\$0.3	\$13.5
INDIRECT	\$1.0	\$1.2	\$2.2	\$12.5	\$8.1	\$20.6	\$13.5	\$9.3	\$22.8
INDUCED	\$1.8	\$1.4	\$3.2	\$15.8	\$9.8	\$25.7	\$17.6	\$11.3	\$28.9
TOTAL	\$6.3	\$2.9	\$9.2	\$38.1	\$17.9	\$56.0	\$44.3	\$20.9	\$65.2
	68%	32%	100%	68%	32%	100%	68%	32%	100%
PARAFISCALITY REVENUES	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total	Nova Scotia	Rest of Canada	Total
DIRECT	\$2.0	\$0.5	\$2.5	\$3.5	\$0.0	\$3.5	\$5.5	\$0.5	\$6.0
INDIRECT	\$0.5	\$1.5	\$2.0	\$5.9	\$8.5	\$14.5	\$6.4	\$10.0	\$16.4
INDUCED	\$0.3	\$0.8	\$1.1	\$2.7	\$6.0	\$8.7	\$3.1	\$6.7	\$9.8
TOTAL	\$2.8	\$2.8	\$5.6	\$12.1	\$14.5	\$26.6	\$14.9	\$17.3	\$32.3
	50%	50%	100%	46%	54%	100%	46%	54%	100%