



Aya 2023 CEO Letter

Integrating ESG

I am pleased to present our sustainability report for 2022, which sets out our performance and strategy in ESG matters, including health and safety and community relations. This year's report builds on our commitment to measure our impact and expand our disclosure, which requires purposeful and more transparent reporting. With the operational turnaround accomplished and a significant expansion underway, we embark on the essential journey of governance and ESG turnaround. The objective is that our performance reflects our ambitions, values and goals.

Turning to values, this report marks the first public disclosure of our new mission statement: "To build a sustainable, ethical and profitable mining business that positively impacts lives." This statement, was developed after careful company-wide deliberation, embraces our values and embodies what we stand for. Aya was a struggling, unprofitable business with no sustainability strategy and a poor health and safety track record when we took over in 2020. Since then, we have worked relentlessly to integrate our ESG values by establishing value-based sustainability objectives, emphasizing efforts to minimize our environmental footprint, instilling a health and safety focus, instituting leading governance practices, building local and regional partnerships, and ultimately delivering value for all stakeholders including the government and our surrounding communities.

Last year was a significant year for us, highlighted by several major milestones. We raised close to \$200 million in financing including \$100 million with the EBRD which contains significant ESG-linked project finance components to complete our Zgounder expansion plan, quadrupling production by 2024. We view these ESG components with the EBRD as a catalyst for us to accelerate the implementation of our ESG strategy. We also doubled our drill exploration program and announced record financial results, which translated in operational outperformance and a top-performing share price on the TSX for a second consecutive year. The year was equally transformative on a sustainability basis as we laid extensive groundwork to expand our environmental, social and governance objectives to support our growth. Many organizational changes and KPIs were subsequently implemented to create alignment with the recommendations of the TCFD.

Health & Safety

The health and safety of our employees and contractors is a top priority for us. The past year, we invested heavily in employee training and continuous education of best practices as well as

on-site precautionary measures and procedures and continued to implement our Environmental and Social Management System. We also raised awareness and consolidated management processes through additional and key hires for our health and safety department. While no fatalities were reported in 2022 and buy-in from employees is real, alignment with our health and safety objectives and values continued to be challenging. The year saw an increase in the number in our LTI due to more extensive reporting and employee buy-in with our health and safety management program. Preliminary 2023 results, however, include lower severity rates, increased completion of corrective actions, and overall lower LTI rates with no reported incidents as of Q1-2023.

Climate Change

We took a significant step towards decarbonization in 2022 with the announcement of a new 60kv interconnection line with ONEE, the Moroccan state-owned utility. ONEE power is partially sourced from renewable energy sources and is targeting 50% renewable energy deployment by 2030. We subsequently announced a PPA with Nareva-EEM, a Moroccan-based IPP, which allows us to source up to 100% of our energy requirements from renewable energy and reduce our Scope 2 Emissions by approximately 88% compared to 2021, the base year for calculation.

To accelerate corporate and stakeholder buy-in for ESG and climate change, we have aligned executive compensation, specifically short and long-term incentives and KPIs, to ESG and climate change performance indicators to ensure a sense of ownership and accountability for ESG targets.

Social Roll-Out

We continued to invest in our people and their working and living conditions. During the year, we provided targeted training programs, built new on-site facilities, and improved base camp accommodation, positively impacting employee happiness and their overall contribution. Importantly, our local and national recruitment strategy accommodates a growing workforce and ensures that local communities directly benefit from the mine expansion.

Last year marked the first full year of administering a community program in tandem with local authorities. The program included expanded activities providing significant access and improvements to health and education infrastructure in the local communities. We expect our stakeholder engagement plan and grievance mechanism to further deepen community trust over the years to come. The community program will be significantly strengthened over the next year with the additional revenue-generating projects which are at the assessment and planification stage. We hope that by deploying such programs, we lead by example in empowering communities through sustainable business practices. More information on our projects will be shared in future reports.

Innovation



Management views innovation as critical tool to empowering employees and implementing measurable change long-term. Our ESG-backed loan and renewable energy agreement speak to our commitment to combine sustainability with innovation and to ultimately deliver on our mission statement.

Our construction finance loan with the EBRD in particular, which is unique in the mining industry, links certain ESG KPIs with a reduced interest rate. Similarly, our 100% renewable energy PPA positions Zgounder as one of the lowest GHG-intensity mines in the world.

Responsible Growth

We have the potential to positively impact the world around us and are especially grateful for the support from all stakeholders including employees, investors as well as our host communities and the government. Our operations produce silver, which is an industrial and precious metal used in solar panels and electric vehicles. We are committed to responsible growth and ensuring a reliable supply of silver while delivering our sustainability objectives long-term.

BENOIT LA SALLE
PRESIDENT & CEO, AYA GOLD & SILVER