



Mining Corp.

Forced Labour and Child Labour Report

2023



Mining Corp.

INTRODUCTION

Luca Mining Corp. (“Luca”) understands the importance of the role it plays in promoting human rights and responsible business practices in the jurisdictions in which it operates. Luca recognizes that the mining industry plays an important role in preventing and assessing the risks of forced labour and child labour (“Modern Slavery”) in Canada’s supply chain. We acknowledge the risk of forced labour and child labour in the mining sector and are committed to continuous improvement in our due diligence, risk assessment, remediation and training processes. Managing these risks requires a collaborative approach with our suppliers, our workforce and other external stakeholders.

Luca is committed to respecting the human rights of people impacted by our operations and supply chain, consistent with the International Bill of Human Rights, ILO Core Conventions, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

REPORTING CONTEXT

This report is a joint report filed by Luca Mining Corp. on behalf of itself and the following subsidiaries: Real de la Bufa, S.A. de C.V. and Minas de Campo Morado, S.A. de C.V. (the “Report”)

ORGANIZATIONAL STRUCTURE, ACTIVITIES AND SUPPLY CHAIN

Corporate Structure and Business Activities

Luca is the sole parent company of the subsidiaries covered in this Report and is headquartered in Vancouver, British Columbia and has approximately 500 employees. Luca is a polymetallic producer and owns two operating mines, one in Durango, Mexico and the other in Guerrero, Mexico. Luca’s Campo Morado Mine in the state of Guerrero produces copper, zinc, lead, silver and gold and its Tahuehueto project in the state of Durango produces gold, silver, zinc and lead.



Luca sells its products to a large physical commodities trading group based in Mexico, who then in turn, sell Luca’s products globally.

Luca is a publicly traded company on the TSX Venture Exchange (“TSX.V”) under the symbol “LUCA”, quoted on the OTCQX over-the-counter market in the USA under the symbol “LUCMF” and quoted on the Frankfurt Stock Exchange under the symbol “Z68”.

Supply Chain

Luca relies on a diverse pool of suppliers to provide goods and services to support the Company's development, construction, mining, processing, transportation, and sustainability activities. Our supply chain includes suppliers of traded and non-traded goods and services. Our relationships with suppliers vary from one-off engagements through to long-term contractual agreements. Luca procures a range of goods and services, such as mobile equipment, machinery, fuel and lubricants, explosives, and a variety of other products and services that support large-scale mining operations. Luca's direct suppliers are closely aligned with the location of Luca's operations in Mexico and in 2023, 90% of procurement was sourced in Mexico with 55% of the procurement spend with local suppliers in the areas of Mexico where the Company's mines operate.

Luca outsources selected operational activities to third parties in Mexico, such as mining, heavy equipment maintenance, transport and logistics, mechanical, electrical and construction work, and technical, engineering, permitting and legal consultancy.

OUR POLICIES AND DUE DILIGENCE PROCESSES

Luca's policies set out our commitment to act lawfully, ethically and responsibly and define the Company's expectations of acceptable business practices. Together, the following policies form a framework of standards required of our Board of Directors, officers, employees, contractors and suppliers to ensure human rights are respected, and to identify and appropriately address Modern Slavery Risks in our operations and supply chains:

Code of Conduct – requires directors, officers, employees and contractors of Luca to act honestly, with integrity and in compliance with all applicable laws and regulations in fulfilling their duties and responsibilities.

Whistleblower Policy – requires reporting of actual or suspected material violations of the Code of Conduct or material legal or regulatory obligations and protects reporters from reprisal.

In 2024, we plan to implement policies addressing Anti-Bribery, Anti-Corruption, Workplace Discrimination, Violence and Harassment, and Sanctions and Anti-Money Laundering.

POTENTIAL MODERN SLAVERY RISKS

The Modern Slavery Act defines modern slavery to include forced labour, slavery, forced marriage, human trafficking, debt bondage, servitude, deceptive recruiting for labour or services and the worst forms of child labour.

Luca recognizes that the risk of forced labour and child labour is greater within our supply chains compared with our own operational activities. Furthermore, certain individuals, sectors, and geographic locations within our supply chains may be at a higher risk of forced labour and child labour.

As such, the Company has identified the following categories of goods as being the most notable potential risks of forced labour and child labour within our supply chains:

- mining equipment and associated inputs which may be sourced from a variety of jurisdictions and suppliers;
- other good manufactured in regions considered high-risk of forced labour or child labour; and
- clothing and personal protective equipment.

The measures Luca takes to mitigate the risk of forced labour and child labour in our operations include our policies and procedures outlined above, in addition to other risk management strategies.

REMEDIATION MEASURES

Our Code of Conduct and Whistleblower Policy offer a reporting mechanism for our employees and suppliers to report ethical or legal violations, among other concerns. In accordance with our policies, if a situation of non-compliance is identified, Luca will work to develop and implement a corrective plan to improve and remedy the situation. To date, Luca has not identified any material risk of the presence of forced labour or child labour used in its activities or supply chain and therefore has not undertaken any measures to remediate forced labour or child labour in its activities and supply chain or remediate loss of income that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chain.

TRAINING

Luca is committed to ensuring that its employees, directors, and officers have access to training pertaining to our Code of Conduct. Luca is in the process of developing consistent training modules for our employees with the aim to provide participants with a deeper understanding of forced labour and child labour, international standards, common indicators of risk, how to identify forced labour and child labour, and what to do if they suspect an issue or a violation.



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ASSESSING EFFECTIVENESS

As Luca continues the development of its program to prevent child labour and forced labour in 2024, it will consider and implement measures to assess the effectiveness of these processes.

Luca is dedicated to ensuring that neither forced labour nor child labour is present within our operations or our supply chains. To assess the effectiveness of our diligence processes, Luca is committed to:

- reviewing periodically our supplier base to identify potential risks;
- identifying and mitigate risks wherever they arise; and
- annually reviewing our policies related to child and forced labour prevention.

Longer Term

Detecting and eradicating forced labor and child labor within the global supply chain presents a multifaceted challenge spanning social, economic, and governance domains. Addressing this issue effectively necessitates collaborative efforts among industries, suppliers, governments, and non-profit organizations. Collaboration stands as a cornerstone of our values, with our supply chain partners playing a pivotal role in crafting collective solutions. To achieve this, we must foster deeper bonds with our partners, fortify contractual agreements, and collectively strive for heightened transparency throughout our supply chain. Together, we aim to devise joint strategies that generate value across various dimensions.

In our continuous pursuit of improvement, we are committed to remaining vigilant in identifying emerging risks. Furthermore, Luca is dedicated to refining and implementing additional due diligence policies and procedures aimed at detecting, addressing, and prohibiting the utilization of forced labor and child labor in both our operations and supply chain.

ATTESTATION AND APPROVAL

This Report was approved by the Board of Directors of Luca Mining Corp. on May 29, 2024.

In my capacity as a Director of Luca Mining Corp. and not in my personal capacity. I make this attestation in accordance with the requirements 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 purpose of the Act, for the reporting year listed above.

I have authority to bind Luca Mining Corp. and the other Reporting Entities.

Ramon Perez
President and Interim CEO
Luca Mining Corp.
May 29, 2024