

**Greg Smith**

President and CEO of Equinox Gold

Mr. Director, we send you greetings from the agrarian representatives of the ejido of Carrizalillo, Mexico, where your company operates the Los Filos mine.

As you are aware, at the end of March of this year, the temporary land use and social agreements between the company and our ejido for the rental of practically 100% of our lands, comprised of individual lots and collective lands for common use, will expire. In this context, the company announced the start of negotiations in March 2024, one year before both agreements end. Initially, we viewed this as incoherent, given a series of unfulfilled commitments in the agreements, as has happened with each prior agreement and especially pertaining to the social arrangement, which were grounds to request that the company advance with the pending clauses first. One of the key clauses that has been in non-compliance for the last six years refers to the drinking water project, given that our water has been contaminated with arsenic since mining began on our lands. We informed your company's representatives that if they showed significant progress on the unfulfilled clauses we could begin negotiations well in advance to ensure the above-mentioned agreements continue to remain in effect.

Unfortunately, at the local level (surrounding communities, mining union and municipality), your company also made headway to implement a strategy to discredit our ejido, making constant reference to the notion that we did not want to negotiate and that this would result in the project's closure. By way of this same strategy, the company also conditioned negotiations on doing so only in the presence of the three communities nearest to the project (Carrizalillo, Mezcala and Xochipala), communities with which we have historically had no relationship whatsoever with regard to negotiating use of our lands, neither with your company nor with those that preceded you. In addition, the relationship between each community's lands with the Los Filos project is very different, and consequently the asymmetry in terms of the harms is enormous for us given that the mine occupies practically 100% of Carrizalillo's lands, which is not the situation for the other communities. The mine is located literally adjacent to our urban centre, which is not the case for the communities of Mezcala and Xochipala. These communities live at considerable distance from the mine and are not directly affected in the same way. As time has passed, and considering that it was not possible to negotiate on equal terms given this condition, the ejido has faced pressure from different sectors that has only further contributed to create disorganization and division within our community.

In addition, in another attempt at setting conditions for the process, the company – erroneously referring to this as negotiations – delivered a series of proposals using threats and intimidation. Among these, one of the most absurd and incoherent has been constantly blaming us for the company's low productivity, when it is evident that this is an issue with the company's local team. The company has also repeatedly threatened massive layoffs, which have begun and are a result of their own incompetence, and which in no way has anything to do with our unwillingness to accept coercive negotiating positions. The company has also regularly threatened us with closure of the mine, although it is unclear what is intended by this. Some representatives speak of partial closure, which seems to make sense in terms of financial and production recovery. But others speak of total mine closure, in which case we have great interest in such a process because it is our right to demand and participate in the mine's closure making full use of all the technical, technological, legal, environmental, agricultural and social means available, in order to know whether the company's highly touted corporate social responsibility is just a phrase or a real commitment.

As we have pointed out in other communications, fifty-five days ahead of the conclusion of our temporary land use and social agreements at which time we recover the use of our lands, your local representatives' small advances to fulfill commitments over the course of the year fall apart as a result of their continual use of threats, deceit and coercion to try to force us to submit to the company's conditions. It was clearly useless to point this out in previous letters that we have sent to you and in which we sought to renew our relationship with different representatives who would treat us with respect. However, you refused, demonstrating that you do not seek to negotiate respectfully with the communities, although in your interviews and speeches as a corporation, and

**c.c. Ross Beaty, Chairman of the Board Equinox Gold**

speaking with your associates and the banks that finance you, you state that you *"don't want to negotiate from a podium"*. But you have done so from the start.

As an ejido, we continue to be ready to negotiate renewal of both agreements, but we will not negotiate with your current representatives, who are no longer legitimate in our view. We will negotiate, but not under pressure to negotiate in unequal conditions with the two other communities, given the very different relationship that each has with the Los Filos project. Nor will we negotiate in the presence of our government authorities who, according to you, are witnesses of honor when they really act as another form of coercion. We expect the negotiation to be as it has been in the past, between company and ejido, with respect or not at all.

On the other hand, if you are no longer interested in negotiating the land use and social agreements with us and decide to initiate definitive closure of the mine, we would like to express that we are also ready to dialogue and negotiate the terms of closure with you. In this case, we seek a correct closure in accordance with techniques and technology available, as well as local, state, national and international jurisprudence in which we wish to discuss everything necessary to recover the fertility and biodiversity of our lands and the health of our families. So, whether you wish to stay or to initiate definitive closure, we are ready to negotiate and ask that you stop lying to your associates and shareholders, suggesting that we do not want to negotiate and that it is our fault that the Los Filos has underperformed and that, according to the company, the only way for you to "recover production" is at the cost of the landowners to sacrifice what is ours and to accept your terms.

In closing, our ejido has already made a very important and significant effort in these negotiations by agreeing to reduce the rent for the land from 6.9 to 2.5 ounces of gold per hectare. In other words, we have already accepted a 64% reduction or loss in the value we receive understanding that the company requires a three-year period of production and financial recovery. If this massive effort on our part is not worth anything and does not merit any recognition or respect from you, your associates, shareholders, board of directors and financiers, then start shutting down the mine. We are ready to negotiate and would just remind you that we are only 55 days away from the end of the current agreement.

**Fraternally**

**EJIDO LEADERSHIP**

---

**JOSÉ LUIS RODRÍGUEZ**  
CHAIRMAN

---

**NANCY OLIVIA GUZMÁN**  
SECRETARY

---

**JOSÉ PEÑA**  
TREASURER