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Altaley Mining Corp. (TSXV:ATLY)

An Emerging Multi-Mine Gold-Silver Producer in Mexico

Initiating Coverage
January 27, 2022

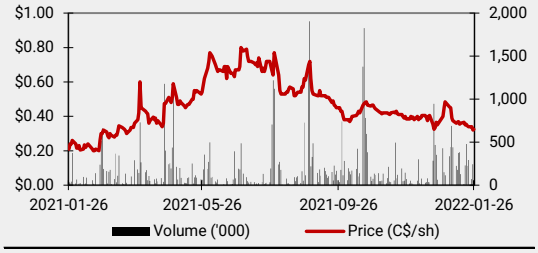
(Currency is CAD$ unless noted otherwise)

Closing Price (C$/sh)	$0.33
Rating	BUY
Target (C$/sh)	$1.00
Return to Target	208%
52 Week Low / High (C$/sh)	$0.20 / $0.80

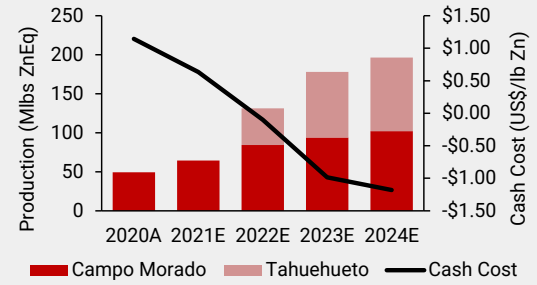
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	260.7	333.5
Market Capitalization (C$M)		$84.7
Enterprise Value (C$M)		$117.0
Last Reported Cash (C$M)		$11.5
Last Reported Debt (C$M)		$43.8

FYE: DEC 31	2021E	2022E	2023E
ZnEq Produced (Mlbs)	64	131	178
Cash Costs (US$/lb Zn)	$0.63	-$0.10	-$0.98
CAPEX ($M)	-$17	-$18	-$14
Gross Revenue ($M)	$76	$160	$227
EBITDA ($M)	$21	$47	$102
CFPS ($/sh)	$0.08	$0.12	$0.29
EPS ($/sh)	$0.07	$0.11	$0.26

STOCK CHART



PRODUCTION FORECAST



RELATIVE VALUATION	2023 EV/EBITDA	P/NAV
Altaley Mining Corp.	0.9x	0.25x
Peers*	2.6x	0.52x

**S&P Capital IQ*

MAJOR SHAREHOLDERS

Management (28.4%), Zhang Family (6.61%), Urion Holdings (5.6%), Accendo Banco (5.1%), Antares Capital Management (4.49%), Chen Zhang (2.85%), Myrmikan Gold Fund (2.25%), EMA Garp Fund (2.25%), MMCAP Int'l (1.92%)

DISCLOSURE CODE: 1,2,3,4
(Please refer to the disclosures listed on the back page)

Source: RCS estimates, Company Information, Capital IQ

Company Description

Altaley Mining Corp. is a Canadian based mining company with two 100%-owned gold, silver, and base metal mining projects located in Mexico. Its Campo Morado mine consists of six mining concessions located in Guerrero state, Mexico; and its Tahuehueto project comprises 28 mining concessions located in northwestern Durango State, Mexico. The company was formerly known as Telson Mining Corp. and changed its name to Altaley Mining Corp. in June 2021. Altaley Mining Corp. was incorporated in 1986 and is headquartered in Vancouver, Canada.

We are initiating coverage on Altaley Mining Corp. with a BUY rating and a target price of C$1.00/sh, representing 208% upside from the current share price. Altaley Mining is a diversified, Mexico focused producer and developer. The company is currently producing Zn and Pb concentrates with Au, Ag and Cu as by-products at its Campo Morado mine in Guerrero, Mexico and is set to commence initial production at its Tahuehueto Au-polymetallic project in Durango, Mexico this quarter. Over the past two years, Altaley has steadily increased production and EBITDA QoQ while undergoing a transformation that included a revamped board and management team, financial restructuring, project optimizations and corporate rebranding – in addition to building Tahuehueto. **Given that Altaley is poised to derive ~53% of its revenues from Au and Ag by 2023E, we believe its transition to being a primary precious metals producer could potentially drive a re-rating.**

Investment Thesis:

- **Near-term growth with Tahuehueto.** Initial production is expected at Tahuehueto near the end of Feb/22 at a throughput rate of 500 tpd, which would then ramp up over H1/22 to 1,000 tpd with commercial production likely in Q3/22. A bulk concentrate is initially expected, though the plant is configured to produce separate Zn, Pb and Cu concentrates in the future. Once Tahuehueto is online, it should move Altaley to being a primary precious metals producer.
- **Steady improvements at Campo Morado.** Campo Morado has been delivering QoQ improvements in production and EBITDA. In Q4/21, ~12.2k tonnes of Zn concentrate (+22% YoY) and 2.7k tonnes of Pb concentrate (+41% YoY) were produced at C1 costs of US$0.88/lb Zn (-31% YoY). Altaley is planning to enhance the recovery of metals by producing a Cu concentrate starting in Q2/22 and by implementing other metallurgical optimizations currently being tested.
- **An eye on the future with vast exploration potential.** A key future objective at Campo Morado is drilling the numerous large-scale anomalies below the main deposits as well as the +16 drill-ready, property scale anomalies. At Tahuehueto, only ~10% of the land package has been explored to date and mineralization remains open down dip and along strike across all key zones. Management estimates that less than 10% of mineralization has been found so far.

Valuation:

We are initiating coverage on Altaley Mining with a C$1.00/sh target price. Our valuation is based on a DCF model derived from our projections for both Campo Morado and Tahuehueto. We obtain our target by applying a 0.75x multiple to our $NAVPS_{10\%}$ estimate of $1.30. Altaley currently trades at 0.25x NAV versus peers at 0.52x. We expect the stock to progressively re-rate as the company increases production at Tahuehueto and makes operational improvements at Campo Morado. **Upcoming Catalysts:** 1) Initial production at Tahuehueto (Q1/22), 2) Metallurgical testing at Campo Morado (H1/22) and 3) Q4 results (H1/22). **Mining/exploration is inherently risky,** and Altaley Mining is subject to many geopolitical, technical, corporate, and financial risks.

Taylor Combaluzier, P.Geo. | Mining Analyst

Financial and Operating Summary: Altaley Mining Corporation

FINANCIAL DATA

Ticker	**TSXV:ATLY**
Current Price (C$/sh)	**$0.33**
Rating	**BUY**
Target Price (C$/sh)	**$1.00**
Return to Target	**208%**
52 Week Low / High (C$/sh)	**$0.20 / $0.80**
Shares Outstanding (M)	**260.7**
Market Capitalization (C$M)	**$84.7**
Cash & Cash Equivalents (C$M)	**$11.5**
Total Debt (C$M)	**$43.8**
Enterprise Value (C$M)	**$117.0**

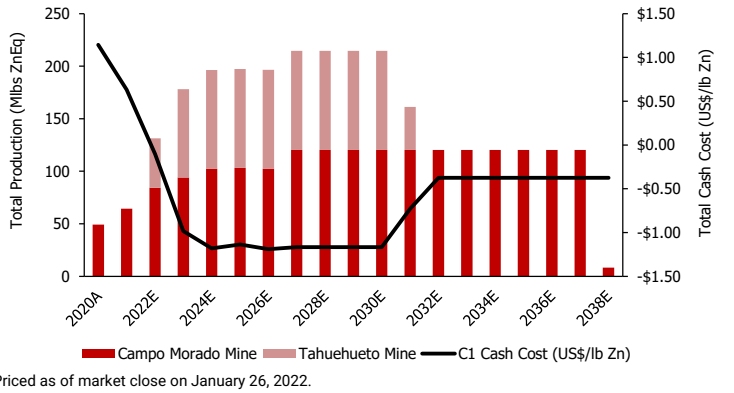
FINANCIAL DATA

Capital Structure	Shares Millions
Shares Outstanding	260.7
Options	10.6
Warrants	62.2
Convertible Debentures	0.00
Fully Diluted Shares	333.5

Ownership	Shares O/S (M)	% O/S
Management	74.1	28.4%
Zhang Family	17.2	6.6%
Urion Holdings	14.6	5.6%
Accendo Banco	13.3	5.1%
Antares Capital Management	11.7	4.5%

Financial Summary						
Year-end Dec 31st	2020A	2021E	2022E	2023E	2024E	2025E
Shares O/S (M)	179.1	257.6	260.7	260.7	260.7	260.7
EBITDA ($M)	-$4.5	$21.0	$47.0	$101.7	$125.9	$127.5
FCF (CFO+CFI) ($M)	-$2.2	-$12.6	$13.7	$61.4	$81.1	$83.5
EPS ($/sh)	-$0.07	$0.07	$0.11	$0.26	$0.34	$0.34
CFPS ($/sh)	-$0.03	$0.08	$0.12	$0.29	$0.37	$0.38
EV/EBITDA	(19.7)x	4.4x	1.9x	0.9x	0.7x	0.7x
P/CFPS	(8.8)x	3.1x	2.0x	0.8x	0.7x	0.6x
Income Statement ($M)						
Revenue	50.5	76.3	159.6	226.5	257.3	258.3
Operating Expenses	43.6	55.8	91.6	95.1	97.6	96.9
Depreciation	0.1	0.6	3.9	6.6	8.2	9.9
General & Admin	4.7	7.9	21.0	29.8	33.8	34.0
Net Income	(11.6)	17.9	28.0	69.0	87.5	88.1
Balance Sheet ($M)						
Cash & Equivalents	0.3	13.2	14.5	55.6	130.6	211.9
Debt	42.2	49.3	35.3	15.8	10.1	8.0
Cash Flow ($M)						
Operating CF	(3.5)	4.3	31.9	75.6	95.7	98.0
Financing CF	2.9	25.5	(12.4)	(20.3)	(6.1)	(2.1)
Investing CF	1.3	(17.0)	(18.2)	(14.3)	(14.6)	(14.5)
Change in Cash	0.1	13.0	1.3	41.1	74.9	81.4

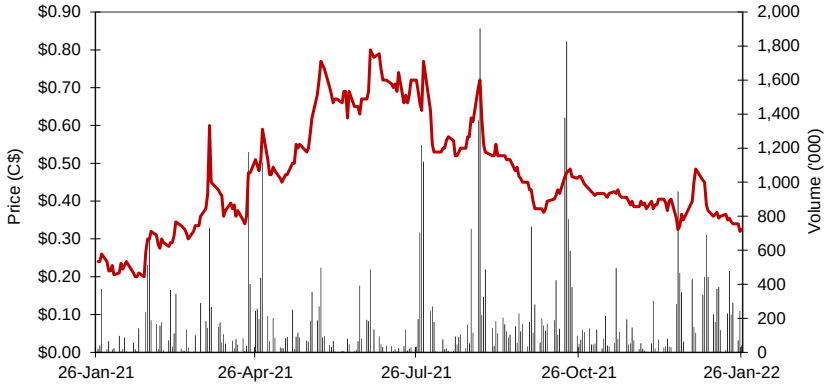
PRODUCTION PROFILE



Priced as of market close on January 26, 2022.

Source: RCS Estimates, Company Reports, S&P Capital IQ, S&P Global Market Intelligence

STOCK CHART



TECHNICAL ASSUMPTIONS

	2020A	2021A	2022E	2023E	2024E	2025E
Gold Price ($/oz)	$ 1,779	$ 1,799	$ 1,800	$ 1,900	$ 1,900	$ 1,900
Silver Price ($/oz)	$ 19.60	$ 25.18	$ 26.00	$ 28.00	$ 28.00	$ 28.00
Copper Price ($/lb)	$ 2.80	$ 4.24	$ 4.00	$ 4.00	$ 4.00	$ 4.00
C$: US$ Exchange Rate	$ 0.75	$ 0.80	$ 0.75	$ 0.75	$ 0.75	$ 0.75

RESOURCE ESTIMATE	**Tonnes (Mt)**	**ZnEq (%)**	**ZnEq (Mlbs)**
Campo Morado	17.62	15.4%	6,000
Tahuehueto	9.62	11.6%	2,452
Global Resource	27.23	14.1%	8,452

RESERVE ESTIMATE	**Tonnes (Mt)**	**ZnEq (%)**	**ZnEq (Mlbs)**
Campo Morado	NA	NA	NA
Tahuehueto	3.26	13.7%	984
Global Reserves	3.26	13.7%	984

RCS MINE MODEL	**Tonnes (Mt)**	**ZnEq (%)**	**ZnEq (Mlbs)**
Campo Morado	**12.36**	**15.4%**	**4,184**
Tahuehueto	**3.25**	**13.2%**	**943**

NET ASSET VALUE

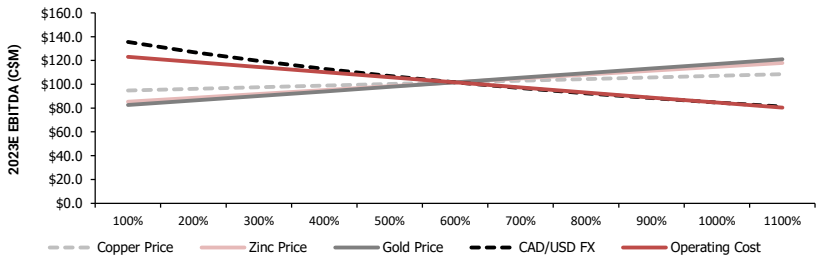
	Discount Rate	(C$M)	(C$/Sh)
Campo Morado (100%), Mexico	10%	$575.82	$1.75
Tahuehueto (100%), Mexico	10%	$453.64	$1.38
Taxes	10%	-$307.13	-$0.93
Corporate Adjustments	10%	-$293.74	-$0.89
Total NAV		**$428.59**	**$1.30**

	Multiple	Value (C$/sh)
10 % NAV Target	**0.75x**	**$1.00**

COMPARABLES

Company	Ticker	Price C$	EV/EBITDA FY2021E	EV/EBITDA FY2022E	P/NAV
Avino Silver & Gold Mines Ltd.	TSX:ASM	$1.03	4.3x	NA	0.48x
Alexco Resource Corp.	TSX:AXU	$2.10	NA	NA	0.71x
Endeavour Silver Corp.	TSX:EDR	$5.10	7.8x	6.2x	1.04x
Excellon Resources Inc.	TSX:EXN	$0.91	NA	NA	0.24x
Great Panther Mining Limited*	TSX:GPR	$0.27	2.0x	1.2x	0.16x
Sierra Metals Inc.	TSX:SMT	$1.46	1.3x	1.1x	0.51x
Trevali Mining Corporation	TSX:TV	$1.43	1.5x	2.0x	0.60x
Americas Gold and Silver Corporat	TSX:USA	$1.02	4.6x	2.6x	0.44x
Average			3.6x	2.6x	0.52x
Altaley Mining Corporation	**TSXV:ATLY**	**$0.33**	**2.0x**	**0.9x**	**0.25x**

EBITDA (2023E) SENSITIVITIES



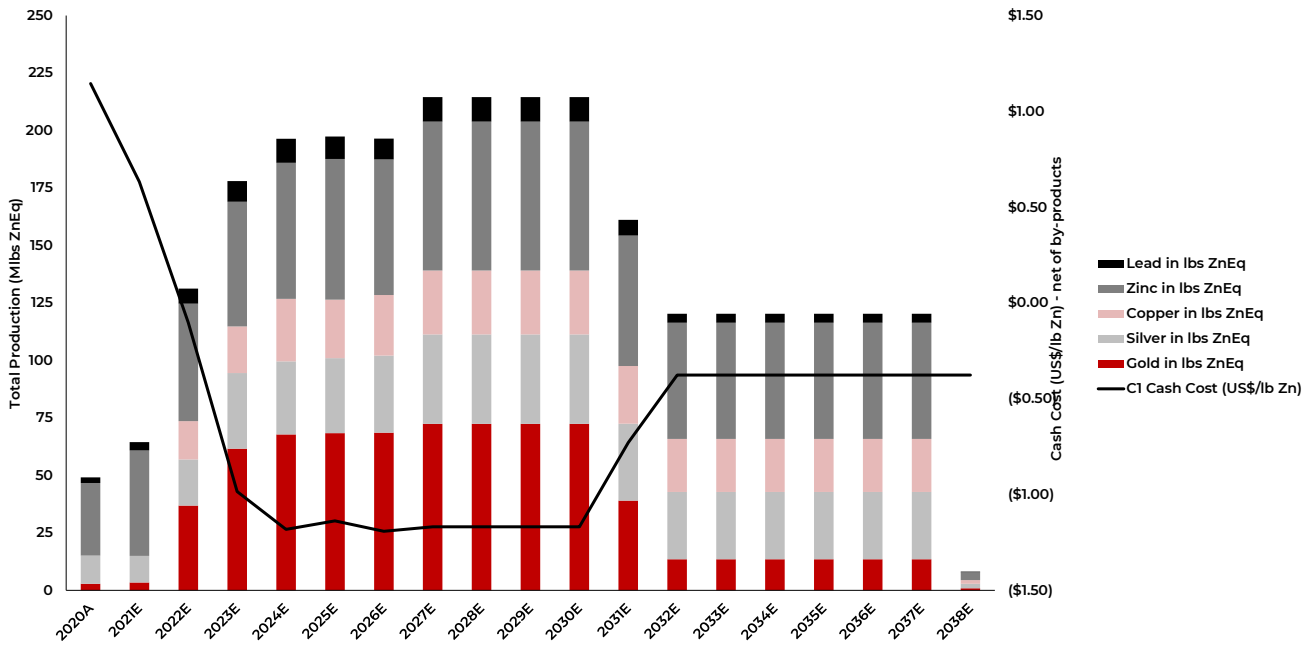
Contents

Executive Summary

Altaley Mining Corp. is a polymetallic Au-Ag producer with two mining assets located in Mexico. The company is currently producing zinc and lead concentrates at its 100%-owned Campo Morado mine in Guerrero, Mexico and is nearing initial production at its Tahuehueto gold mine in Durango, Mexico. In Q4/21, Altaley produced ~12.2k tonnes of Zn concentrate and ~2.7k tonnes of Pb concentrate at Campo Morado. We note that a copper concentrate is expected to start being produced in Q2/22 and that Altaley is evaluating several technologies to improve precious metal recoveries at the operation, which could significantly improve our estimates. At Tahuehueto, production is slated to commence at a nameplate capacity of 500 tpd with a ramp-up to full production of 1,000 tpd by Q3/22. Altaley has been delivering QoQ improvements in production and EBITDA and we expect this trend to continue as Tahuehueto comes online. Importantly, Tahuehueto should also move Altaley to become a primary precious metals producer, as we forecast 2023 revenue to be 53% derived from gold and silver.

We are initiating coverage on Altaley Mining Corp. with a BUY rating and a target price of C$1.00/sh representing 208% upside from the current share price. Our valuation is based on a DCF model derived from our projections for both Campo Morado and Tahuehueto. We obtain our target by applying a 0.75x multiple to our $NAVPS_{10\%}$ estimate of $1.30.

Figure 1: Altaley Mining Production Profile



Source: RCS Estimates, Company Reports

Upcoming Catalysts

1) Initial production at Tahuehueto (Q1/2022)
2) Tahuehueto PFS (Q1/2022)
3) Q4/21 production and financial results (H1/2022)
4) Campo Morado metallurgical test results (H1/2022)

Investment Thesis

An emerging multi-mine producer in Mexico. We like Altaley Mining because it is on the cusp of transforming into a multi-mine polymetallic producer in Mexico. The company has two 100%-owned assets located in Mexico, the producing Campo Morado mine located in Guerrero state and the development-stage Tahuehueto project located in north-western Durango (Figure 1). Campo Morado is currently operating at ~2,200 tpd producing zinc and lead concentrates and is estimated to be Mexico's sixth largest zinc producer. At the company's Tahuehueto project, construction is nearing completion on a 1,000 tpd facility to produce gold and silver in zinc, lead and copper concentrates. Initial production is anticipated near the end of Feb/22, with a ramp up to full production during H1/2022. **With Tahuehueto expected to come online soon, we estimate that Altaley is set to effectively double its production profile on a AuEq basis by 2023 to ~113k oz AuEq and that precious metals should contribute to ~53% of its net revenue by that time. We also note that Campo Morado continues to deliver strong operating results and that its ZnEq production should increase ~31% compared to 2021E once the company starts producing a copper concentrate in Q2/2022.**

Figure 2: Altaley's Mexican assets

Altaley has two Mexican Au-Ag polymetallic assets

Source: Company Reports

Steadily improving production results. Since resuming operations in 2020, Campo Morado has been delivering QoQ improvements in production and EBITDA (Figures 3 & 4). In Q3/21, the company produced ~10.7k tonnes of Zn concentrate (+38% YoY) and 2.7k tonnes of Pb concentrate (+67% YoY) with C1 costs of US$0.45/lb Zn (-64% YoY). This translated into $17.7M of revenue (+160% YoY) with EBITDA of $6.9M and EPS of $0.02. Going forward, we expect this trend of QoQ increases in concentrate production and EBITDA to continue, particularly as Tahuehueto comes online (Q1/22) and a Cu concentrate is produced at Campo Morado starting in Q2/22 (Figure 4). **In Q4/21, Altaley produced ~12.2k tonnes of Zn concentrate and ~2.8k tonnes of Pb concentrate at C1 cash costs of US$0.88/lb Zn (net of by-products) with revenue of $20.0M.**

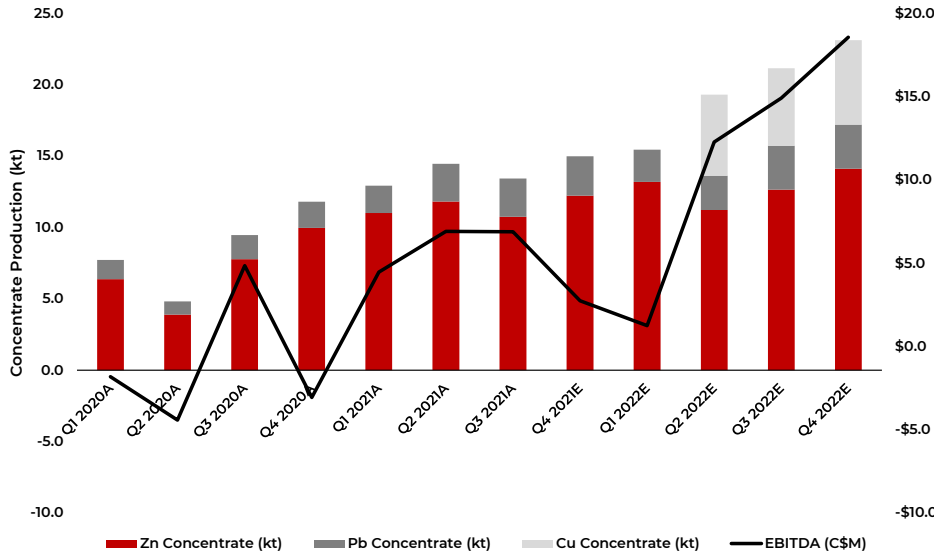
Figure 3: Quarterly results and RCS projections (note: Tahuehueto comes online in Q1/22)

	Q4 2022E	Q3 2022E	Q2 2022E	Q1 2022E	Q4 2021E	Q3 2021A	Q2 2021A	Q1 2021A	Q4 2020A	Q3 2020A	Q2 2020A	Q1 2020A
Copper Concentrate (kt)	5.9	5.4	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Zinc Concentrate (kt)	14.1	12.6	11.2	13.2	12.2	10.7	11.8	11.0	10.0	7.8	3.9	6.4
Lead Concentrate (kt)	3.1	3.1	2.4	2.3	2.8	2.7	2.6	1.9	1.8	1.7	0.9	1.3
C1 Cash Cost (US$/lb Zn net by-products)	-$0.50	-$0.39	-$0.27	$0.75	$0.88	$0.45	$0.48	$0.72	$1.28	$1.26	$1.26	$0.78
Copper Price (US$/lb)	$4.00	$4.00	$4.00	$4.00	$4.38	$4.30	$4.41	$3.86	$3.27	$2.94	$2.47	$2.55
Zinc Price (US$/lb)	$1.20	$1.20	$1.20	$1.20	$1.44	$1.35	$1.33	$1.26	$1.21	$1.09	$0.91	$0.98
Lead Price (US$/lb)	$1.00	$1.00	$1.00	$1.00	$1.02	$1.02	$0.99	$0.94	$0.89	$0.88	$0.78	$0.85
Gold Price (US/oz)	$1,800	$1,800	$1,800	$1,800	$1,797	$1,790	$1,816	$1,793	$1,877	$1,928	$1,725	$1,587
Silver Price (US$/oz)	$26	$26	$26	$26	$23	$24	$27	$26	$25	$20	$17	$17
Revenue ($M)	$53.0	$46.6	$38.4	$21.6	$20.0	$17.7	$18.5	$13.7	$9.6	$6.7	$3.3	$3.5
EPS ($/sh)	$0.04	$0.03	$0.03	$0.00	$0.01	$0.02	$0.03	$0.02	-$0.05	$0.03	-$0.03	-$0.01
EBITDA ($M)	$18.6	$14.9	$12.3	$1.2	$2.7	$6.9	$6.9	$4.5	-$3.1	$4.8	-$4.4	-$1.8
FCF (CFO+CFI) ($M)	$8.8	$5.9	$5.9	-$7.0	-$3.8	-$5.2	-$4.3	$0.7	$1.3	$3.5	-$5.4	-$1.6
CFPS ($/sh)	$0.05	$0.04	$0.03	$0.00	$0.01	$0.02	$0.03	$0.02	-$0.02	$0.03	-$0.03	-$0.01
Cash ($M)	$14.5	$10.5	$9.4	$7.5	$13.2	$11.5	$8.9	$10.8	$0.3	$0.8	$0.8	$0.2
Debt ($M)	$35.3	$39.9	$44.5	$48.5	$49.3	$43.8	$39.3	$42.4	$42.2	$40.0	$39.4	$40.4

Source: RCS Estimates and Company Reports

Concentrate production and EBITDA are trending upwards

Figure 4: Quarterly concentrate production and EBITDA



Source: RCS Estimates and Company Reports

Metallurgical testing is underway at Campo Morado

Optimizing Campo Morado. The company is planning to enhance the recovery of metals at Campo Morado by producing a Cu concentrate starting in Q2/2022. There is also potential to achieve increased production by moving to a microfine grind and using pneumatic flotation. In addition to the numerous QA/QC initiatives the company is deploying at Campo Morado (see our **site visit report**), the company also has a long-term plan to increase throughput to 5,000 tpd, contingent on exploration success. Altaley tested an Imhoflot pneumatic flotation pilot plant from Maelgwyn Mineral Services (MMS) and is currently testing Jameson Cell flotation technology from Glencore Technologies. The Jameson Cell pilot plant will likely also test the potential recoveries from historic tailings material, which the company estimates totals ~280k oz AuEq (non-43-101 compliant), with only Au and Ag, based on historical production records. The historic tailings also contain significant quantities of Pb, Zn and Cu, which the company believes may have the

possibility of being recovered should pneumatic testing at micro-fine grinds prove successful. As such, Altaley is investigating forced oxidation and leaching technologies to reprocess these tailings, including LeachOx and Albion processes. **Previous testing in 2013 by a prior operator showed that LeachOx increased Au recoveries to 65% (+400%) and Ag recoveries to 86% (+200%).** Notably, both metal concentrates and/or tailings material can be oxidized. The company also plans to investigate other potential recovery methods including bioleaching and the SART (sulphidization-acidification-recycling-thickening) process. **In our view, the success of these metallurgical tests could provide Altaley with the ability to increase its revenue and expand the proportion of it that is derived from precious metals. As shown in Figure 5, improvements to Au and/or Ag recoveries from Campo Morado could significantly increase our NAVPS estimate (dark red box highlights the NAVPS estimate that corresponds to the approximate Au and Ag recoveries achieved in previous LeachOx testing).**

Improved precious metals recoveries could positively impact our NAVPS estimate

Figure 5: NAVPS sensitivity to Au and Ag recoveries at Campo Morado

NAVPS (C$) Sensitivity to Improvements in LT Au and Ag Recoveries at Campo Morado											
		Silver Recovery									
		40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%
Gold Recovery	20%	$1.30	$1.35	$1.39	$1.44	$1.49	$1.53	$1.58	$1.63	$1.67	$1.72	$1.77
	25%	$1.34	$1.39	$1.44	$1.48	$1.53	$1.58	$1.62	$1.67	$1.71	$1.76	$1.81
	30%	$1.39	$1.43	$1.48	$1.53	$1.57	$1.62	$1.66	$1.71	$1.76	$1.80	$1.85
	35%	$1.43	$1.48	$1.52	$1.57	$1.61	$1.66	$1.71	$1.75	$1.80	$1.85	$1.89
	40%	$1.47	$1.52	$1.56	$1.61	$1.66	$1.70	$1.75	$1.79	$1.84	$1.89	$1.93
	45%	$1.51	$1.56	$1.61	$1.65	$1.70	$1.74	$1.79	$1.84	$1.88	$1.93	$1.98
	50%	$1.56	$1.60	$1.65	$1.69	$1.74	$1.79	$1.83	$1.88	$1.92	$1.97	$2.02
	55%	$1.60	$1.64	$1.69	$1.74	$1.78	$1.83	$1.87	$1.92	$1.97	$2.01	$2.06
	60%	$1.64	$1.69	$1.73	$1.78	$1.82	$1.87	$1.92	$1.96	$2.01	$2.05	$2.10
	65%	$1.68	$1.73	$1.77	$1.82	$1.87	$1.91	$1.96	$2.00	$2.05	**$2.10**	$2.14
	70%	$1.72	$1.77	$1.82	$1.86	$1.91	$1.95	$2.00	$2.05	$2.09	$2.14	$2.18

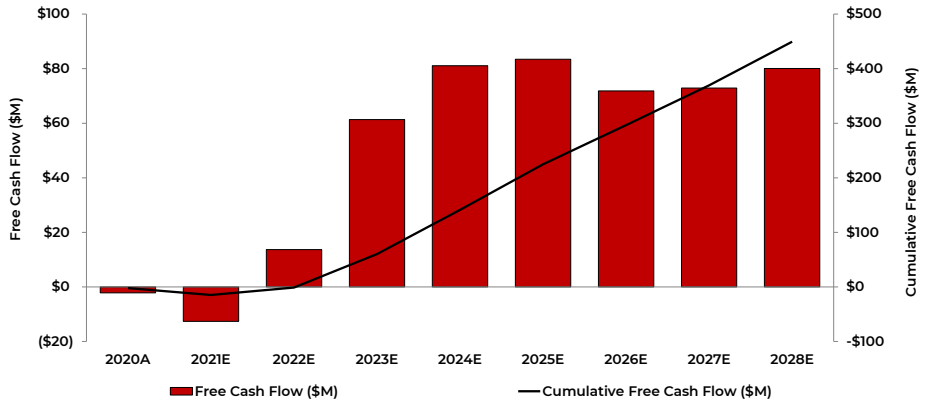
Source: RCS Estimates

Tahuehueto construction nearing completion. A 1,000 tpd processing plant is currently under construction at the Tahuehueto polymetallic Au-Ag project, which we expect to begin initial production near the end of Feb/22. Upon initial production we expect a throughput rate of 500 tpd which would then ramp up over H1/22 to 1,000 tpd with commercial production anticipated to be declared in Q3/22. We note that construction is on track the remaining capex for the project is expected to be funded with cash deposits, positive cash flow from its Campo Morado operation and a US$5M bridge loan it secured at the end of 2021. Although there is a 2017 PFS for the project, we anticipate an updated PFS to be released in the near term. We note that the company is currently evaluating different mining methods and that the throughput is now planned to be 1,000 tpd with two ball mills (previously 500 tpd). We expect Tahuehueto to initially produce a single bulk concentrate, though the plant is configured to have three circuits to produce separate Zn, Pb and Cu concentrates in the future. We model average annual AuEq production from Tahuehueto of ~52.7k oz over a 10-year LOM at an average total cash cost of US$599/oz AuEq. **Once Tahuehueto is online, it should move Altaley to being a primary precious metals producer, as we forecast 2023 revenue to be 53% derived from gold and silver. As seen in Figure 6, Altaley's free cash flow is poised to increase substantially in the coming years (~$13.7M in 2022E and $61.4M in 2023E) as Tahuehueto comes online and operational improvements are made at Campo Morado.**

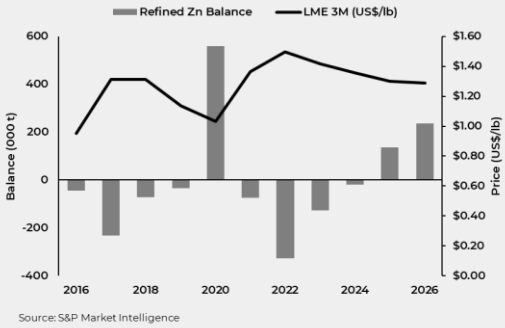
Tahuehueto is slated to start initial production in late Feb/22

We expect Altaley's free cash flow to grow significantly in the coming years

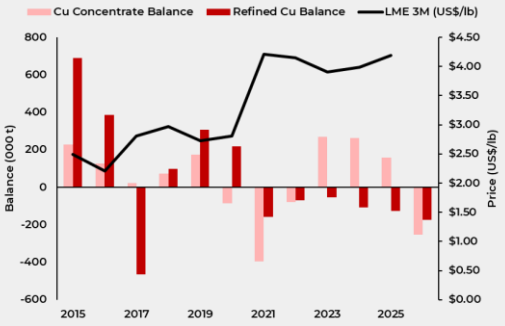
Figure 6: Yearly and cumulative free cash flow



Source: RCS Estimates and Company Reports



Source: S&P Market Intelligence

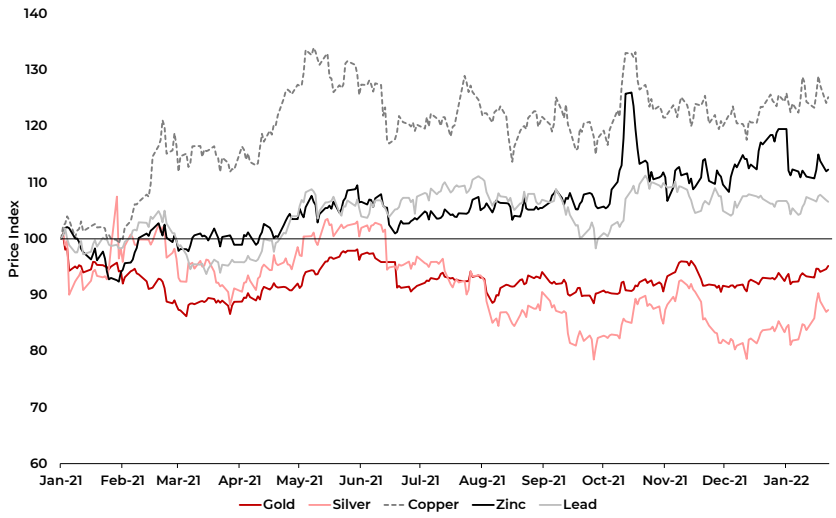


Source: S&P Market Intelligence

Precious metals to give revenue a boost, though base metals poised to outperform. We forecast Tahuehueto and the production of a copper concentrate at Campo Morado to raise the contribution of gold and silver to Altaley's revenue from ~23% in 2021E to ~44% in 2022E and ~53% in 2023E. Given the sustained elevated price environment for gold and silver relative to historical levels, we expect precious metals to positively impact revenue. Although Altaley is set to become a primary precious metals producer in the near future, we would highlight that base metals will continue to be an important component of the company's revenue. Over the past year, we note that base metals have outperformed precious metals (Figure 7) and we would expect that trend to continue based on tight inventories and forecasted market deficits (see figures in the margin). The **zinc price** has benefited in the short term by tighter supply (LME zinc inventories now stand at 157,550 tonnes, down ~22% YTD and significantly below historical levels – Figure 8) and from ex-China demand along with high energy costs in Europe that have negatively impacted smelter capacity. According to S&P Market Intelligence, deficits in the refined zinc market are expected to occur through 2024, which should provide support for the zinc price. Although the **copper price** pulled back due to the emergence of the Omicron coronavirus variant it has already started to recover, and we expect low copper stocks (LME Cu inventories are at ~93,250 tonnes, which is down ~5% YTD and significantly below historical levels – Figure 8) and supply disruptions to support current price levels. S&P Market Intelligence forecasts deficits in the refined copper market through 2025, whereas the concentrate market will be in deficit in 2022 before switching to surplus until deficit again in 2026. Longer term, we believe there will be support for higher copper prices in the coming decades as supply lags demand, particularly as there has been underinvestment in new copper capacity and the global trend toward electrification requires ever more amounts of the red metal. The **lead price** has also outperformed over the past year. Although we estimate lead to comprise only ~5% of Altaley's revenue in 2023E, we believe sustained higher prices for the commodity could be in store given the underappreciation for lead's contribution to decarbonization. We note that decentralized energy storage and grid-scale energy storage could make use of both lithium-ion and lead-acid batteries.

Over the past year base metals have outperformed precious metals

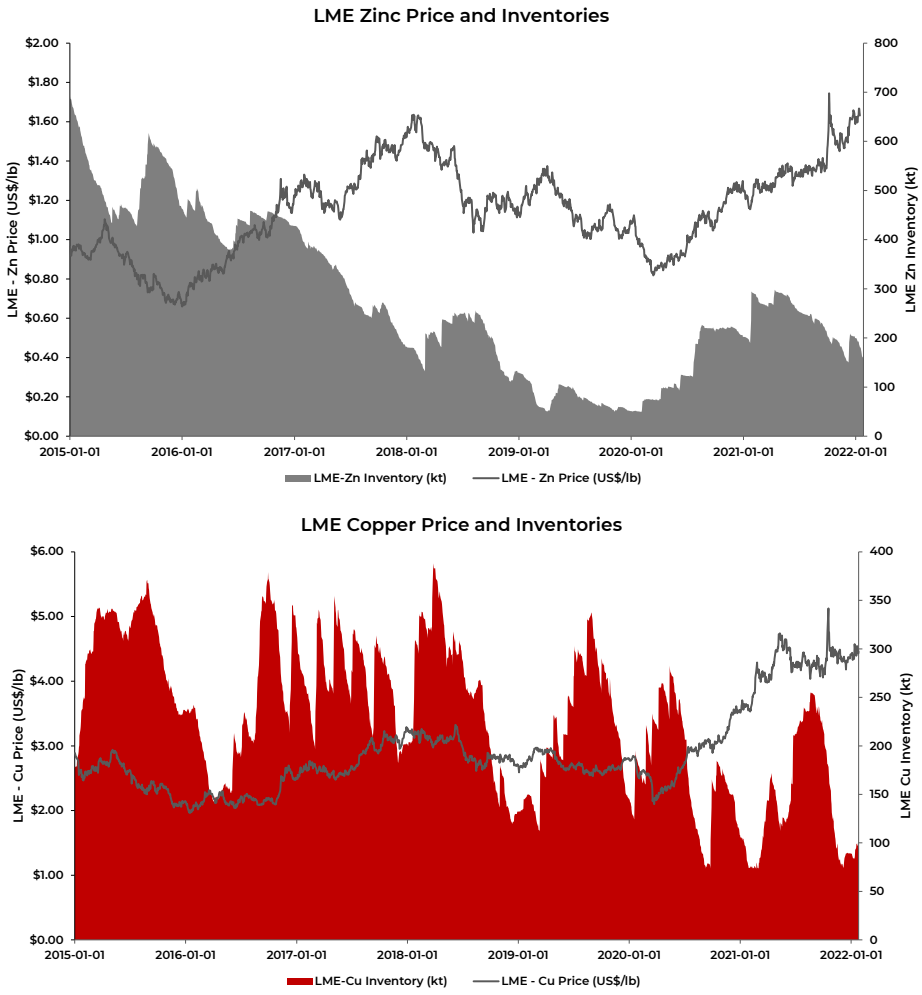
Figure 7: Base metals vs. precious metals price performance (2021-present)



Source: S&P Market Intelligence

Copper and zinc stocks are down 5% and 22% YTD, respectively

Figure 8: LME Cu and Zn prices and warehouse stocks

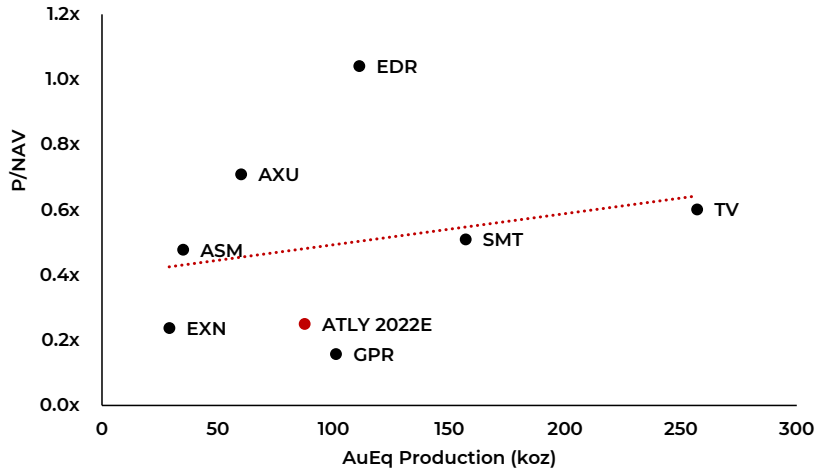


Source: S&P Market Intelligence

Altaley trades at 0.25x NAV versys peers at 0.52x

Undervalued and due for a re-rating. Altaley is trading at 0.25x NAV, a discount to polymetallic Au-Ag producer peers that are trading at an average of 0.52x NAV (Figure 9). We believe one of the main value propositions that Altaley offers is that it is on the cusp of significantly increasing its AuEq production and its cash flow as Tahuehueto commences production and a copper concentrate is produced at Campo Morado. We believe these catalysts could potentially help Altaley close the valuation gap with its peers. In our view, the market has not yet recognized Altaley's improving operating performance nor its near-term growth potential, thereby providing a bargain opportunity for investors. We note the company is also attractively valued on an EV/EBITDA and P/CF basis (see Relative Valuation on page 13).

Figure 9: P/NAV vs. AuEq Production (koz)



Source: RCS Estimates, Capital IQ Pro, Company Reports

Tahuehueto Reserves Sensitivity

Increase In Tonnage	NAVPS	Change In NAVPS
0%	**C$1.30**	**0%**
25%	C$1.40	7%
50%	C$1.47	13%
75%	C$1.54	18%
100%	C$1.59	22%
125%	C$1.63	25%
150%	C$1.66	27%
175%	C$1.68	29%
200%	C$1.70	31%
225%	C$1.71	32%

Source: RCS Estimates

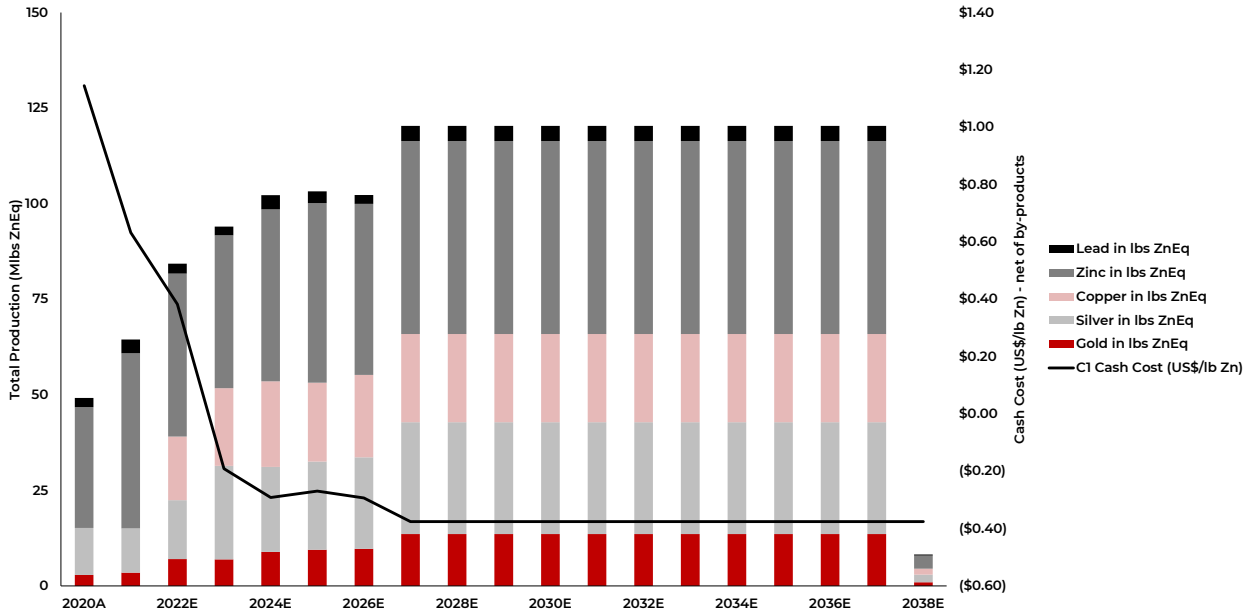
Significant exploration potential. Campo Morado has a +20-year LOM based on the M&I resources, a key future initiative for the company is drilling the numerous large-scale anomalies below the main deposits as well as the +16 drill-ready, property scale anomalies. We note that the previous operator, Nyrstar, drilled some holes that intersected good massive sulfides below the known orebodies in a potential second mineral horizon. **Altaley's goal is to double Campo Morado's resource base as exploration funding becomes available and to expand production to +5,000 tpd over a targeted term of up to five years.** At Tahuehueto, Altaley's concessions cover ~83% of the mineralized district and significant exploration potential remains to assess the unexplored structures in the core area (~500 ha) as well as the overall district greenfield potential. Only ~10% of the land package at Tahuehueto has been explored to date and mineralization remains open down dip and along strike across all key zones. Management estimates that less than 10% of mineralization has been found so far. **Once Tahuehueto reaches commercial production we believe its cash flow could support a comprehensive exploration program that could potentially materially grow its resource base. As shown in the sensitivity table in the margin, increasing the reserve tonnage at Tahuehueto would positively impact our NAVPS estimate. At this time, we are of the opinion that Altaley has only scraped the surface at Tahuehueto and that a substantial amount of drilling is warranted to characterize the project more fully.**

Mine Models

Campo Morado

Our estimates for Campo Morado are based on past operating performance, the 2018 PEA and discussions with management. We currently model Campo Morado with a ~16-year mine life, which is based on the conversion of 80% of its existing measured resources and 40% of its indicated resources as of the resource date (Q1/18) for a total of 13.7M tonnes at 10.37% ZnEq. We assume a throughput rate of 2,200 tpd. Currently the mine is producing both a zinc and lead concentrate; however, we anticipate that the company will start producing a copper concentrate starting in Q2/22. As such, we anticipate C1 cash costs to drop dramatically on a by-product basis once copper concentrate production comes online. We have included a 3% royalty on the project and taxes totalling 37.5% (7.5% special mining tax and 30% Mexican federal tax).

Figure 10: Campo Morado LOM Production Profile



Source: RCS Estimates, Company Reports

Figure 11: Campo Morado operating summary (2020-2032E)

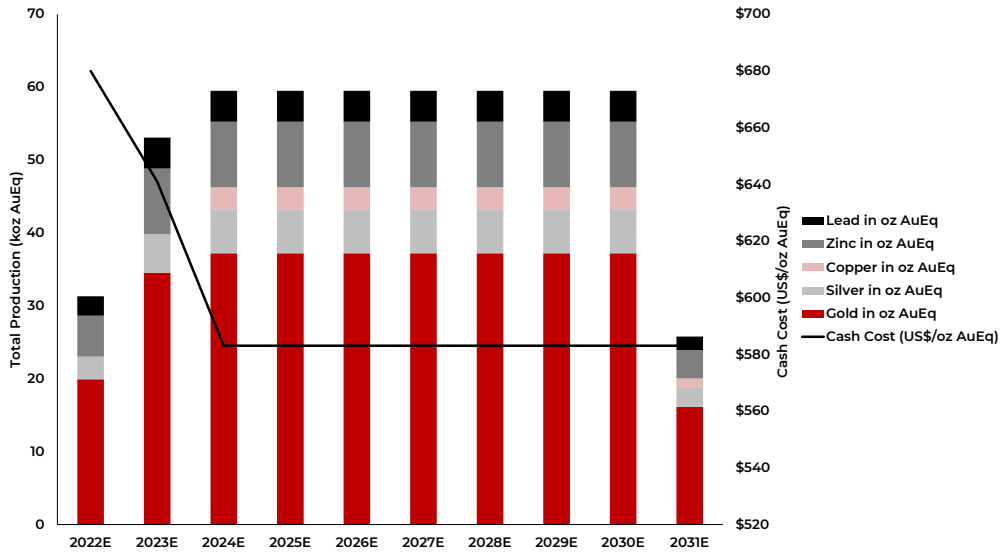
Operating Parameter	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Throughput (tpd)	1,347	1,958	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Copper Grade (%)	0.0%	0.0%	0.6%	0.7%	0.8%	0.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Zinc Grade (%)	4.6%	4.2%	3.5%	3.4%	3.6%	3.8%	3.6%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Lead Grade (%)	1.1%	1.1%	0.6%	0.6%	0.9%	0.8%	0.6%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Gold Grade (g/t)	0.9	1.1	1.0	0.9	1.1	1.2	1.2	1.7	1.7	1.7	1.7	1.7	1.7
Silver Grade (g/t)	119.5	127.8	104.1	103.1	96.3	101.5	102.3	123.1	123.1	123.1	123.1	123.1	123.1
Copper Recovery (%)	0%	0%	38%	51%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Zinc Recovery (%)	70%	71%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%	73%
Lead Recovery (%)	29%	29%	30%	30%	29%	29%	29%	29%	29%	29%	29%	29%	29%
Gold Recovery (%)	14%	11%	20%	22%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Silver Recovery (%)	38%	22%	28%	43%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Copper Production (Mlbs)	0.0	0.0	1.2	1.5	1.7	1.5	1.6	1.7	1.7	1.7	1.7	1.7	1.7
Zinc Production (Mlbs)	7.9	11.5	10.7	10.0	11.2	11.7	11.2	12.6	12.6	12.6	12.6	12.6	12.6
Lead Production (Mlbs)	0.7	1.2	0.8	0.7	1.1	0.9	0.7	1.2	1.2	1.2	1.2	1.2	1.2
Gold Production (koz)	0.4	0.6	1.2	1.1	1.4	1.5	1.5	2.1	2.1	2.1	2.1	2.1	2.1
Silver Production (koz)	164.2	154.6	178.0	262.3	238.3	247.6	256.9	313.5	313.5	313.5	313.5	313.5	313.5
Zinc Equivalent Production (Mlbs)	12.3	16.1	21.1	23.5	25.6	25.8	25.6	30.1	30.1	30.1	30.1	30.1	30.1
C1 Cash Cost (US$/lb Zn - net by-products)	$1.15	$0.63	$0.38	-$0.19	-$0.29	-$0.27	-$0.29	-$0.38	-$0.38	-$0.38	-$0.38	-$0.38	-$0.38
CAPEX (US$M)	$1.2	$1.7	$1.8	$1.4	$1.4	$1.4	$1.5	$0.9	$0.1	$0.1	$0.1	$0.1	$0.1

Source: RCS Estimates, Company Reports

Tahuehueto

Our estimates for Tahuehueto are largely based on the 2017 PFS and management guidance. We currently model Tahuehueto with a ~10-year mine life, which is based on its reserves of ~3.3M tonnes at 5.9 g/t AuEq (14.1% ZnEq). We assume production starts in Feb/22 with throughput ramping up from 400 tpd in Q1/22 to 1,000 tpd by the end of 2022. We model production costs at ~US$96/t of ore processed (management guidance of US$100/t of ore). Based on discussions with management, we believe Tahuehueto could initially produce a bulk concentrate, before switching to produce individual zinc, lead, and eventually copper concentrates. At this time, we model initial production of individual zinc and lead concentrates, with a copper concentrate coming online in 2024. We plan to revise our estimates once the updated PFS is released. We have included a 1.6% royalty on the project and taxes totalling 37.5% (7.5% special mining tax and 30% Mexican federal tax). Additionally, we model a stream on silver production that delivers 100% of the payable silver production for the first 1.25M payable ounces to Empress Royalty (TSXV:EMPR, BUY, C$0.60 target, David A. Talbot), which then steps-down to 20% of payable silver production until terminating after 10 years. We calculate the pre-tax NPV5% of this stream to be US$38.2M.

Figure 12: Tahuehueto LOM Production Profile



Source: RCS Estimates, Company Reports

Figure 13: Tahuehueto operating summary (2022-2031E)

Operating Parameter	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Throughput (tpd)	700	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	500
Copper Grade (%)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.2%
Zinc Grade (%)	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	2.2%	1.1%
Lead Grade (%)	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	0.6%
Gold Grade (g/t)	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	1.7
Silver Grade (g/t)	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	41.8	20.9
Copper Recovery (%)	0%	0%	51%	51%	51%	51%	51%	51%	51%	26%
Zinc Recovery (%)	75%	80%	80%	80%	80%	80%	80%	80%	80%	40%
Lead Recovery (%)	80%	86%	86%	86%	86%	86%	86%	86%	86%	43%
Gold Recovery (%)	80%	88%	95%	95%	95%	95%	95%	95%	95%	47%
Silver Recovery (%)	70%	75%	85%	85%	85%	85%	85%	85%	85%	42%
Copper Production (Mlbs)	0.0	0.0	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2
Zinc Production (Mlbs)	2.1	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	1.5
Lead Production (Mlbs)	1.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	0.9
Gold Production (koz)	5.0	8.6	9.3	9.3	9.3	9.3	9.3	9.3	9.3	4.0
Silver Production (koz)	53.6	90.1	102.6	102.6	102.6	102.6	102.6	102.6	102.6	44.4
Gold Equivalent Production (koz)	7.8	13.3	14.9	14.9	14.9	14.9	14.9	14.9	14.9	6.4
Cash Cost (US$/oz AuEq)	$680	$641	$583	$583	$583	$583	$583	$583	$583	$292
CAPEX (US$M)	$1.6	$1.3	$1.3	$1.3	$1.1	$0.6	$0.1	$0.1	$0.1	$0.0

Source: RCS Estimates, Company Reports

Valuation and Financial Analysis

Our target price of C$1.00/sh is based on 0.75x our base case NAVPS$_{10\%}$ estimate of C$1.30

We are initiating coverage on Altaley Mining with a C$1.00/sh target price. Our valuation for Altaley is based on a discounted cash flow model derived from our projections for both Campo Morado and Tahuehueto. We obtain our target by applying a 0.75x multiple to our base case NAVPS$_{10\%}$ estimate of $1.30. Our estimates assume long term metal prices of US$1,900/oz Au, US$28.00/oz Ag, US$4.00/lb Cu, US$1.20/lb Zn and US$1.00/lb Pb with a CAD:USD exchange rate of 0.75. With ongoing metallurgical test work and the imminent production of a copper concentrate at Campo Morado along with the ramp up of Tahuehueto through H2/2022, we believe it is best to capture this growth through a NAV multiple. Although Campo Morado is already in production, we have elected to use a conservative 0.75x multiple, which reflects the execution risk associated with the aforementioned initiatives as well as the single jurisdiction risk (as both assets are in Mexico). Once both of its operations reach steady state we may re-evaluate our multiple. We use a 10% discount rate, which is in line with other base metal projects and the company's cost of capital.

Figure 14: NAV Summary and Target Derivation

	Discount Rate	NAV (C$M)	NAV/Share
Campo Morado (100%), Mexico	10.0%	$575.8	$1.75
Tahuehueto (100%), Mexico	10.0%	$453.6	$1.38
Taxes	10.0%	($307.1)	($0.93)
Corporate Adjustments	10.0%	($293.7)	($0.89)
		$428.6	$1.30

	Multiple	Valuation (C$/sh)
8% NAV	0.75x	$0.98

	Value (C$/sh)
8% NAV Target	**$1.00**

Source: RCS Estimates

Our C$1.30 NAVPS estimate is based on Campo Morado and Tahuehueto. The DCF valuation of Campo Morado (which factors in the production of a copper concentrate starting in Q2/22) accounts for ~57% of our pre-tax net asset value for the company. Tahuehueto, which is expected to commence initial production this quarter, accounts for the remainder of our pre-tax net asset value (~43%). Our NAVPS estimate uses partially diluted ITM & fully financed shares outstanding.

Figure 15: Detailed NAV Summary

Properties	**0%**	**3%**	**5%**	**8%**	**10%**	**12%**	**15%**	**20%**
Campo Morado (100%), Mexico	$1,247.2	$964.0	$822.4	$659.7	$575.8	$506.8	$424.4	$326.6
Tahuehueto (100%), Mexico	$737.5	$630.4	$571.0	$495.9	$453.6	$416.5	$368.7	$305.8
Current Taxes	($627.7)	($495.6)	($428.1)	($348.8)	($307.1)	($272.3)	($230.0)	($178.5)
Total Mine Site After-Tax NPV	$1,356.9	$1,098.8	$965.3	$806.8	$722.3	$651.0	$563.2	$453.9
Corporate adjustments								
Hedge value (mark-to-market)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Corporate G&A	($444.1)	($361.6)	($318.9)	($268.2)	($241.2)	($218.4)	($190.3)	($155.4)
Working capital (less equity investments)	($11.6)	($11.6)	($11.6)	($11.6)	($11.6)	($11.6)	($11.6)	($11.6)
Interest income net of financing expense	($4.0)	($3.9)	($3.8)	($3.7)	($3.6)	($3.6)	($3.5)	($3.3)
Cash Flow from Financing	($42.1)	($40.5)	($39.6)	($38.2)	($37.3)	($36.5)	($35.3)	($33.5)
Total net debt	($57.7)	($56.0)	($55.0)	($53.5)	($52.5)	($51.6)	($50.4)	($48.5)
Total Corporate Adjustments	($501.9)	($417.6)	($373.9)	($321.7)	($293.7)	($270.0)	($240.7)	($203.9)
Total NAV (C$M)	$855.1	$681.2	$591.4	$485.1	$428.6	$380.9	$322.5	$250.0
Total NAVPS (C$/share)	$2.60	$2.07	$1.80	$1.47	$1.30	$1.16	$0.98	$0.76

Source: RCS Estimates

Altaley has ~$7.5M of cash as of the latest financials and is fully funded to complete construction of Tahuehueto (it also has restricted funds of ~$4.1M)

Altaley has $11.5M of cash on the balance sheet. The share structure of the company consists of 260.7M shares outstanding. It has 62.2M warrants outstanding with strike prices ranging from $0.09 to $0.48. Given the current share price of $0.33, ~60.7M of the 62.2M warrants are in the money (ITM), equivalent to ~$12.5M. Altaley also has ~10.6M options outstanding with strike prices ranging from $0.16 to $0.55. At the current share price, ~7.9M of the 10.6M options are ITM, equivalent to ~$2.3M. Our estimates suggest Altaley does not require additional equity financing and that it can pay down its remaining debt and fund future growth initiatives from cash flow.

Figure 16: Current Capital Structure

Current Capital Structure	Shares (M)
Current Shares Outstanding	260.7
Options Outstanding	10.6
Warrants Outstanding	62.2
Partially Diluted Shares Outstanding	329.3
Current Fully Diluted Shares Outstanding	333.5
Partially Diluted & Fully Financed Shares Outstanding	329.3

Source: Company Reports, RCS Estimates

Funding in place to complete Tahuehueto. In Q1/21 Altaley secured US$25M of financing to complete the construction and ramp-up of Tahuehueto. The financing package comprised a US$8M private placement (**read more**), a US$5M silver stream agreement (**read more**) with Empress Royalty (TSXV:EMPR, BUY, C$0.60 target, David A. Talbot), and a US$12M medium term loan facility (**read more**). However, the lender providing the medium-term loan facility, Accendo Banco, had its banking licence removed by the Mexican National Banking and Securities Commission (**read more**). Altaley has since secured a US$5M bridge loan financing agreement with Sail Natural Resources LP, to be used to fund the final costs of construction (~US$6.7M as at the end of Sept/21) and working capital at Tahuehueto. We estimate that this provides the company with ample funding to bring Tahuehueto online.

Altaley restructured some of its debt agreements in 2021

Restructured debt agreements. At the end of Q2/21 Altaley announced that it had restructured its debt agreements with Trafigura Mexico S.A de C.V. and Nyrstar Canada (Holdings) Ltd. Per the terms of the restructured agreement, Altaley moved ~US$20M of its obligations from short-term to long-term debt, thereby improving its financial position. As of the Q3/21 financial statements, Altaley had ~$43.8M in debt on its balance sheet, of which ~$11.9M was classified as short-term debt (Figure 17). We calculate that the company had ~$32.5M of net debt at the end of 2021, including the recent US$5M bridge loan.

Figure 17: Debt (000 $) as of Q3/21 financials

Lender	Interest Rate	Short Term	Long Term	Total
Accendo Loan	13.5%	$850	$7,117	$7,967
Nyrstar Debt	10.0%	$3,350	$3,206	$6,556
Escorfin Line of Credit	10.0%	$682	$3,961	$4,643
Trafigura Loan - Campo	LIBOR (3M) + 5.0%	$2,432	$2,383	$4,815
Trafigura Loan Real	LIBOR (1Y) + 6.0%	$4,572	$15,197	$19,769
Total		**$11,886**	**$31,864**	**$43,750**

** Does not include US$5M bridge financing executed on Dec 29, 2021*

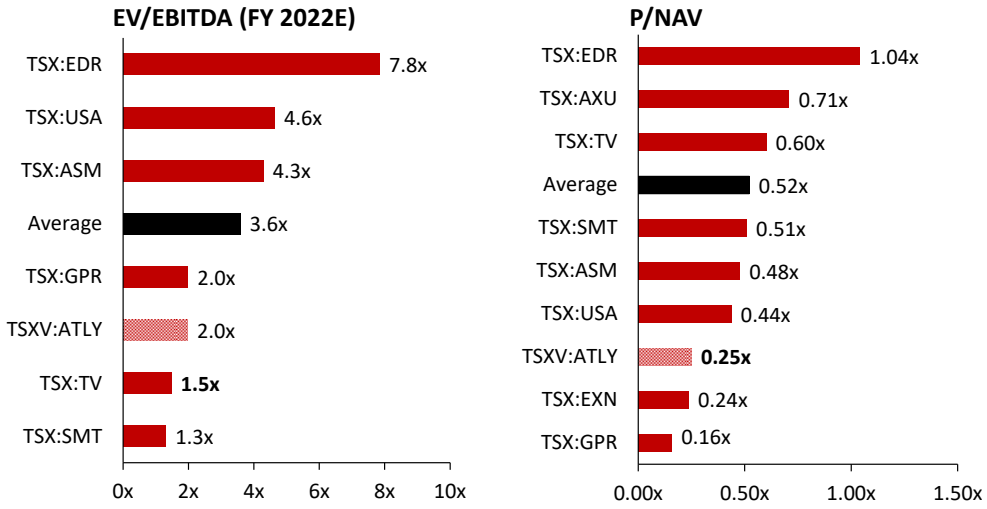
Source: Company Reports

Relative Valuation

Altaley trades at a discount to peers on an EV/EBITDA and P/NAV basis

EV/EBITDA improvement points to a market re-rate. With forecast EBITDA of $47.0M in 2022E and $101.7M in 2023E, Altaley is trading at a discount to peers providing the potential for a re-rating. Our estimates suggest that Altaley is trading at 2.0x 2022E EBITDA and 0.9x 2023E EBITDA versus peers at 3.6x and 2.6x, respectively (Figures 18 & 19). **We model increased EBITDA generation as Tahuehueto ramps up and as copper concentrate production at Campo Morado begins in Q2/22, which we believe could drive a near-term re-rating.**

Figure 18: EV/EBITDA 2022E and P/NAV vs. Peers



Source: RCS Estimates, S&P Capital IQ, Company Reports

Discounted NAV valuation reflects history not the future. Polymetallic producer peers currently trade at 0.52x NAV (Figures 18 & 19), implying a value of $0.68/sh for Altaley (109% upside). With the company expected to commence production at Tahuehueto and produce a copper concentrate at Campo Morado in 2022, thereby increasing ZnEq production by ~104% compared to 2021, we believe the company should re-rate to trade at a premium to peers over the next couple of years.

Figure 19: Comparable Companies

Company	Ticker	Price (C$/sh)	YTD Perf.	Shares (M)	Mkt. Cap C$M	Cash C$M	Debt C$M	EV C$M	P/NAV	EV/EBITDA		FCF Yield		P/CF	
										FY2022	FY2023	FY2022	FY2023	FY2022	FY2023
Altaley Mining Corporation	**TSXV:ATLY**	**$0.33**	**-16%**	**261**	**$85**	**$12**	**$44**	**$117**	**0.25x**	**2.0x**	**0.9x**	**20.8%**	**93.5%**	**2.1x**	**0.9x**
Avino Silver & Gold Mines Ltd.	TSX:ASM	$1.03	23%	102	$105	$28	$1	$78	0.48x	4.3x	NA	24.8%	28.6%	4.8x	NA
Alexco Resource Corp.	TSX:AXU	$2.10	65%	152	$320	$22	$6	$304	0.71x	NA	NA	NA	NA	6.7x	NA
Endeavour Silver Corp.	TSX:EDR	$5.10	73%	172	$877	$137	$10	$750	1.04x	7.8x	6.2x	-6.0%	-10.1%	13.5x	17.5x
Excellon Resources Inc.	TSX:EXN	$0.91	-74%	33	$30	$6	$12	$36	0.24x	NA	NA	-20.5%	-20.5%	NA	NA
Great Panther Mining Limited*	TSX:GPR	$0.27	-73%	445	$118	$45	$68	$141	0.16x	2.0x	1.2x	49.1%	75.5%	2.0x	1.3x
Sierra Metals Inc.	TSX:SMT	$1.46	-40%	163	$239	$74	$110	$275	0.51x	1.3x	1.1x	74.7%	105.6%	1.3x	0.9x
Trevali Mining Corporation	TSX:TV	$1.43	-66%	99	$141	$50	$154	$245	0.60x	1.5x	2.0x	-0.3%	-35.1%	1.0x	1.5x
Americas Gold and Silver Corporation	TSX:USA	$1.02	-54%	165	$168	$3	$28	$193	0.44x	4.6x	2.6x	6.1%	28.5%	4.3x	2.7x
									Median	0.49x	3.1x	2.0x	6.1%	28.5%	4.3x	1.5x
									Average	0.52x	3.6x	2.6x	18.3%	24.6%	4.8x	4.8x

*RCS Estimate

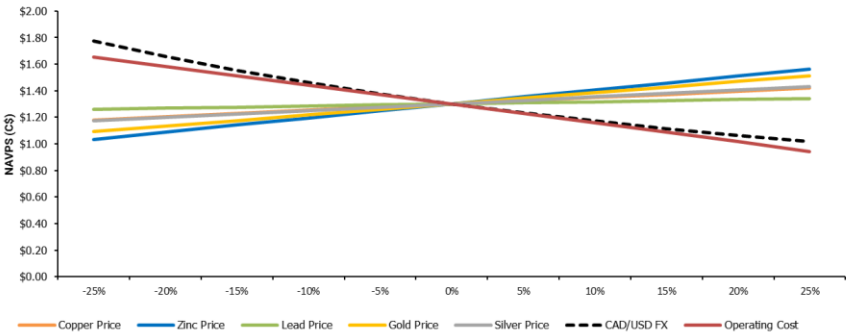
Source: RCS Estimates, S&P Capital IQ, Company Reports

Sensitivity Analysis

NAVPS most sensitive to zinc and gold price as well as CAD:USD FX rate and operating costs

Our NAV is most sensitive to zinc and gold prices along with the CAD:USD exchange rate and operating costs. Zinc currently makes up 72% of Altaley's revenue, though we forecast that will decrease to ~30% by 2023E and Au will increase from ~5% in 2021E to 35% of revenue by 2023E. As such, these two metals make up ~65% of revenues in the coming years and our NAV is most sensitive to these metals. A 10% increase in zinc and gold would increase our NAV by 8% and 6%, respectively. The CAD:USD exchange rate also strongly affects our NAV (a -10% change in FX rate would increase our NAV by 12%) , whereas other base metals (copper & lead) and silver do not influence our NAV to the same extent given their smaller contribution to revenue. Additionally, we note that a 10% decrease in operating costs would increase our NAV by 11%. We also highlight that potential improvements in precious metal recoveries at Campo Morado could significantly increase our NAVPS estimate, as discussed in our Investment Thesis and shown in Figure 5. **Detailed sensitivity tables are available in Appendix A.**

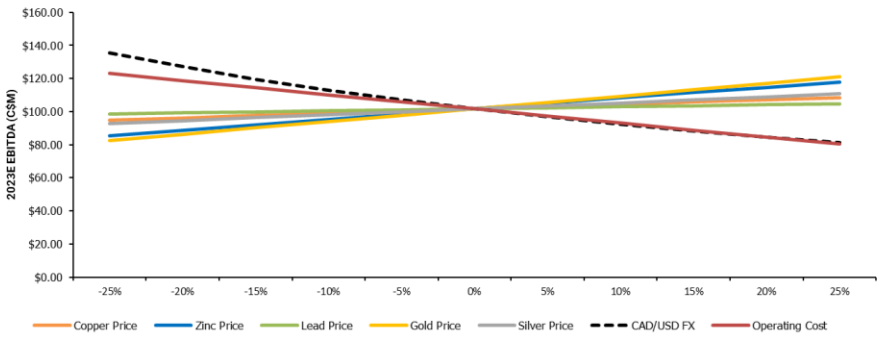
Figure 20: NAVPS (C$) Sensitivity



Source: RCS Estimates

Our 2023E EBITDA estimate is similarly affected by zinc and gold prices. However, we note the magnitude of the impact of exchange rate and operating costs is slightly smaller than their impact on NAV.

Figure 21: 2023E EBITDA (C$M) Sensitivity



Source: RCS Estimates

Tahuehueto (100%-owned)

Asset Overview

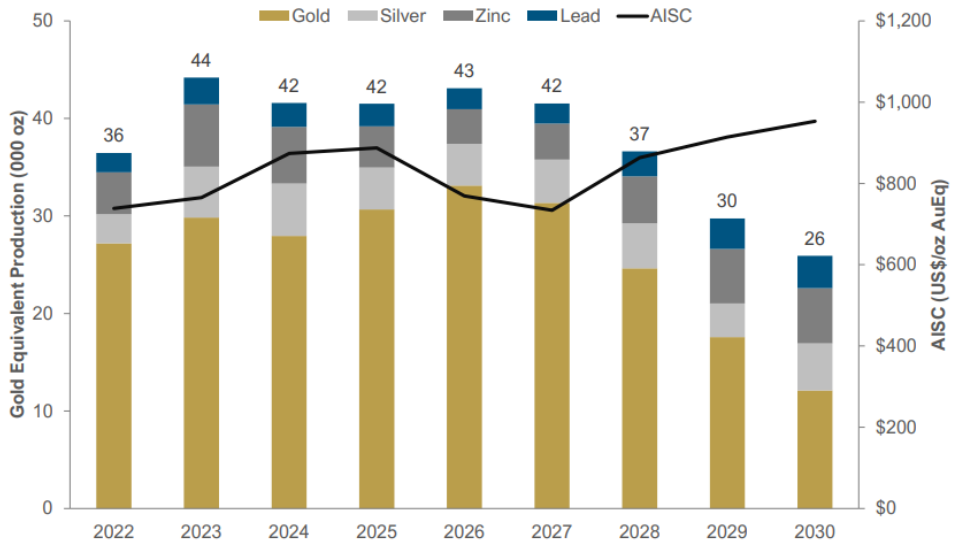
On track to becoming one of the highest-grade Au mines in Mexico. Located in Durango, Tahuehueto represents Altaley's flagship asset and is the primary provider of precious metals exposure and near-term growth for the company. The property comprises 28 concessions totaling 7,492 ha and is ~250 km NW of Durango city and ~160 km NE of the city of Culiacan. Initial production is expected in early 2021 when the first ball mill is commissioned, at 500 tpd capacity. A second ball mill is scheduled to come online during Q2/22 and production is expected to ramp up to full capacity of 1,000 tpd by Q3/22.

Figure 22: Tahuehueto project location, Durango, Mexico

Source: Company Reports

A positive PFS paves the pathway to production. The 2017 PFS contemplates an owner-operated 790 tpd underground mine with an on-site processing treatment at a 550 tpd throughput. The processing facility would comprise a crushing and grinding circuit followed by three flotation circuits capable of producing Zn, Cu, and Pb concentrates. Per the study, mining of ~3.3Mt of ore is expected over a 21-year mine life, with average annual production of ~16.1k oz Au, ~177.1k oz Ag, ~900k lb Cu, ~3,200k lb Pb, and ~5,600k lb Zn. Using base case metal prices of US$1,180/oz Au, US$16.70/oz Ag, US$2.65/lb Cu, US$0.87/lb Pb, and US$0.92/lb Zn, this translates to average annual EBITDA of ~US$16.7M. **The 2017 PFS showed compelling economics at relatively conservative metal prices, with a post-tax $NPV_{8\%}$ of US$77M, a 36% IRR, and a three-year payback.** Altaley is nearing completion of a more up to date PFS, which is expected to incorporate new reserve estimates, modified mining methods, and a significantly higher production rate of 1,000 tpd (Figure 23). The results of the updated PFS are expected in Q1/22.

Figure 23: Management's production forecast for Tahuehueto, based on 2017 PFS reserves under a 1,000 tpd operation



Source: Company Reports

Tahuehueto is well-advanced. After delivering the 2017 PFS, the company received all necessary permits to initiate construction and purchased a 1,000 tpd sulfide flotation plant. A pre-production mining program ensued with processing completed at a nearby toll mill. Underground development during 2018 and 2019 saw completion of 70-80% of required development for the initial one to two years of production. Today, project construction is ~95% complete. The budgeted capex requirement (excluding working capital and contingencies) was US$10.9M – below that which was forecasted in 2019 (US$12.4M). Construction is nearing completion at Tahuehueto and management continues to anticipate there should not be any cost overruns.

Figure 24: Tahuehueto project area and infrastructure

Source: RCS Site Visit

Project History

1800s: Au-Ag veins were discovered in the Tahuehueto area by Spanish explorers.

1904: First exploration was recorded when an English company began development on the El Creston vein.

1970s: Compañía Minera Sacramento de la Plata developed >700m of underground workings on the El Creston and El Rey veins and constructed a 50 tpd mill. Tadmex, S.A. de C.V. developed Level 16 at the mine (then referred to as the Sacremento de la Plata mine), while Emijamex, S.A. de C.V. developed Levels 11 through 14. Exploration during this period consisted of regional sampling by several operators.

1980s: The Mexican Geological Survey conducted what is believed to be the first drill program at the project, comprising 28 surface and underground holes targeting the El Creston and Cinco de Mayo structures. An IP survey was completed over the El Creston, Cinco de Mayo, and Texcalama zones.

1994-1996: Castle Minerals optioned Tahuehueto and conducted an extensive sampling program (comprising 459 rock samples, primarily along the El Creston structure) before dropping the option. By this time, ~5,900m of underground workings had been developed along the El Creston, Cinco de Mayo, and El Rey structures.

1997-2003: Altaley (under a former name) acquired the project and conducted surface and underground sampling with the intention of verifying historical mineral inventory estimates and evaluating the potential for an open pit. The company collected ~1,200 channel samples from the El Creston zone with some samples taken from the Dolores, Cinco de Mayo and Los Burros zones. Altaley digitized all surveyed underground workings and sampling data.

2004-2007: Altaley resumed exploration at Tahuehueto focusing primarily on the El Creston and Cinco de Mayo zones, initially with geophysical surveys (IP/resistivity) and mapping. Several core and RC drilling campaigns followed suit, targeting the El Creston, Cinco de Mayo, Texcalama, El Rey, Santiago, and El Perdido zones. During this period, ~48,000m of drilling was completed.

2008: The first NI 34-101 compliant resource estimate was produced using data from 177 holes, outlining an inferred resource of ~6.4 Mt at 1.34 g/t Au, 31 g/t Ag, 0.24% Cu, 0.78% Pb, and 1.43% Zn, spanning across five resource zones (El Creston, Cinco de Mayo, Santiago, El Rey, and El Perdido). The company continued to drill until August 2008.

2009: Using additional drilling data (248 holes total), Altaley produced a revised resource estimate of ~7.4 Mt at 2.1 g/t Au, 34.97 g/t Ag, 0.28% Cu, 1.06% Pb, and 2.01% Zn in the M&I category and ~4.9 Mt at 1.06 g/t Au, 31.77 g/t Ag, 0.23% Cu, 1.23% Pb, and 2.26% Zn in the inferred category.

2010-2011: A PEA was completed in 2010 that contemplated mining of ~9 Mt of material across the El Creston, Cinco de Mayo, and El Rey veins via open pit and underground methods. Using prices of US$965.81/oz Au, the study produced a pre-tax NPV5% of US$109M and 31% IRR. An

engineering study was completed the following year to provide PFS-level geotechnical design recommendations.

2015-2017: Altaley produced an internal scoping study with the goal of evaluating a smaller-scale, underground-only mining operation. The company then commissioned a follow-up PFS. As part of the PFS work, Altaley completed a ~3,500t underground bulk sample program at the El Creston zone. The ore was transported to a toll mill, ~270 km from site, and saleable Pb and Zn concentrates were produced. Average head grades returned 9.5 g/t Au, 63.9 g/t Ag, 3.54% Pb, and 6.24% Zn. The PFS was released in early 2017, which included a new resource and reserve estimate (more on this on page 19). In February 2017, the company acquired a 1,000 tpd sulfide flotation processing plant and relocated it to a nearby town. In mid-2017, the company initiated a pre-production mining program to follow on the success of the bulk sample, this time with ore being transported to a closer toll mill, ~120 km from site. By year-end, the company mined and processed another 22,662 t and 14,377 t, respectively, at average head grades of 6.94 g/t Au, 84.36 g/t Ag, 5.29% Zn, and 2.64% Pb.

2018: Construction activities commenced in January 2018, concurrent with the pre-production mining program being scaled back due to equipment reallocation. By year-end, another 19,069 t were processed at the toll mill, with average head grades of 4.21 g/t Au, 50.8 g/t Ag, 4.05% Zn, and 1.97% Pb. Another 18,702 t of ore was stockpiled on site with the intention of being processed upon completion of construction of the processing plant. Altaley advanced 1.44 km of underground development, focused the El Perdido and El Creston zones as well as decline advancement.

2019: During 2019, another 13,574 t were processed at the toll mill, with average head grades of 4.23 g/t Au, 41 g/t Ag, 2.89% Zn, and 1.48% Pb, while another 18,968 t of ore was stockpiled for future on-site processing. Underground development in 2019 totaled ~1 km. Management put pre-production mining on hold in Q3/19, citing funding constraints caused by reduced cash flows at its Camp Morado asset (read more on page 25). By this time, underground development to provide continuous ore feed for at least the first year of commercial production was ~90% complete, and overall site construction stood at ~60% completion.

2020-Present: In 2020, Altaley signed an updated term sheet with Accendo Banco to provide a US$12M loan facility to fund the final phase of construction. The loan facility was later included within a larger US$25M financing package, which was executed via Letter of Intent with Accendo Banco, Empress Royalty, and Endeavour Financial in February 2021. The first stage, a ~C$10.1M private placement, closed in March 2021 (**read more**), which allowed the company to reinitiate construction activities. The US$5M silver stream closed last April (**read more**), followed by the US$12M loan facility in July (**read more**). In September, Accendo Banco became insolvent. Altaley has since found a new lender and has executed a US$5M bridge loan financing, providing it with sufficient funding to complete Tahuehueto.

Geology & Mineralization

Tahuehueto is situated within the prolific Sierra Madre Mineral Belt – host to a series of historical and producing mines and most of Mexico's active exploration and development projects. Locally, the property covers several mineralized zones hosted within a structurally controlled low-sulfidation epithermal system. Mineralization consists of epithermal Au-Ag veins and brecciated structures with Pb, Zn, and Cu, primarily hosted in andesite. The upper portions of the mineralized structures are oxidized, and contain malachite, azurite, chalcocite, covellite, limonite, and hematite. The depth of the oxide zone varies considerably, but is generally within ~100m from surface. Less than 5% of the total resources are moderately oxidized. Below the oxides is the sulfide zone, which comprises sphalerite, galena, chalcopyrite, tennantite, tetrahedrite, and electrum. Locally a light green phyllosilicate mineral interpreted to be celadonite forms as gangue and is closely associated with high-grade Au-Ag mineralization.

Reserves and Resources

The Tahuehueto resource estimate spans six zones, including the El Creston, El Perdido, El Catorce, Cinco de Mayo, El Rey, and Santiago structures (Figures 25 & 26). Of these, the El Creston structure is the most significant, comprising ~40% and ~60% of the total M&I+I resource tonnage and contained Au ounces, respectively. The 2017 PFS defined **probable reserves of ~3.3 Mt grading 3.4 g/t Au, 41.8 g/t Ag, 0.35% Cu, 1.19% Pb, and 2.24% Zn** (Figure 25). The reserves represent approximately half the total M&I resource tonnage, allowing for ample opportunity for resource-reserve conversion and mine life extension.

Figure 25: Tahuehueto Reserve and Resource Summary (2017)

Tahuehueto Project Mineral Reserve Estimate											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz. Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Probable Reserves	3,264	3.40	356	41.80	4,387	0.35	25,028	1.19	85,762	2.24	161,314

***Note**: Mineral Reserves were defined as mineralized material that occurred within the stope shapes that were based on and NSR value of $62/t. Measured and Indicated resources within the defined mining shapes (stopes) were used to estimate Probable Reserves. No Proven Reserves were defined due to the limited definition resource drilling, limited definition by exploratory mining and the lack of geotechnical data that addresses underground mining. Probable Mineral Reserves include the effects of mining dilution assumptions which average 15% and extraction ratio assumptions which averaged 94%. Mining dilution was assumed to have zero (0) grade.*

Canadian Institute of Mining, Metallurgy and Petroleum standards were followed in the estimation of the Mineral Reserves. Mineral Reserves were estimated using metal price forecasts of $0.60/lb for lead, $0.75/lb for zinc, $2.10/lb for copper, $1,000/oz for gold and $19.12/oz for silver. The low metal prices were selected to drive the mine plan towards mineralization with the highest confidence in the prospects of economic extraction. These metal prices were not used for the economic analysis of the mineral deposit. Totals may not add due to rounding. The foregoing mineral reserves are included within the current Mineral Resource Estimate for the Project.

Tahuehueto Measured and Indicated Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz. Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	2,771	2.77	247	44.7	3,982	0.31	18,914	1.27	77,827	2.29	139,821
Indicated	3,343	2.23	240	41.26	4,435	0.3	22,466	1.15	84,455	2.04	155,687
Total M&I	6,114	2.48	487	42.82	8,417	0.31	41,380	1.2	162,282	2.15	295,508
Tahuehueto Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz. Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Inferred	3,501	1.31	147	37.59	4,230	0.27	20,469	1.34	103,080	2.44	188,409

***Note**: The above mineral resources have been calculated using a cut-off of 2.5 g/t Au Equivalent. These resource numbers are preliminary in nature. They include inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves.*

Source: Company Reports

Figure 26: Tahuehueto Resource Summary (2017) – breakdown by deposit

El Creston Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	1,664	3.40	182	41.09	2,198	0.28	10,272	1.19	43,655	2.28	83,642
Indicated	1,594	2.89	148	38.73	1,985	0.27	9,489	0.98	34,442	1.93	67,831
Total M&I	**3,258**	**3.15**	**330**	**39.94**	**4,183**	**0.28**	**19,761**	**1.09**	**78,097**	**2.11**	**151,472**
Inferred	768	2.14	53	40.32	996	0.30	5,080	0.90	15,240	1.97	33,359

El Perdido Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	351	1.65	19	44.64	504	0.41	3,172	1.39	10,755	1.84	14,237
Indicated	484	1.50	23	42.32	658	0.40	4,265	1.22	13,009	1.59	16,954
Total M&I	**835**	**1.56**	**42**	**43.30**	**1,162**	**0.40**	**7,438**	**1.29**	**23,764**	**1.70**	**31,191**
Inferred	443	1.46	21	40.51	577	0.43	4,201	1.14	11,139	1.82	17,783

El Catorce Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	301	1.63	16	47.39	458	0.12	796	1.08	7,161	2.36	15,648
Indicated	643	1.48	31	38.95	806	0.16	2,270	1.21	17,163	2.68	38,014
Total M&I	**944**	**1.53**	**46**	**41.64**	**1,264**	**0.15**	**3,065**	**1.17**	**24,324**	**2.58**	**53,663**
Inferred	1,604	0.86	44	31.53	1,626	0.16	5,659	1.36	48,101	2.81	99,385

Cinco de Mayo Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	327	2.20	23	50.67	533	0.51	3,681	1.27	9,165	2.26	16,310
Indicated	544	1.96	34	47.85	836	0.50	5,993	1.36	16,300	2.30	27,566
Total M&I	**871**	**2.05**	**57**	**48.91**	**1,370**	**0.50**	**9,673**	**1.33**	**25,465**	**2.28**	**43,875**
Inferred	590	1.37	26	43.65	829	0.39	5,076	1.83	23,820	2.33	30,328

El Rey Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	99	1.23	4	77.12	245	0.18	391	3.09	6,719	4.30	9,350
Indicated	58	1.00	2	69.42	130	0.18	232	2.63	3,384	0.00	5,070
Total M&I	**157**	**1.14**	**6**	**74.26**	**375**	**0.18**	**623**	**2.92**	**10,103**	**2.70**	**14,420**
Inferred	87	0.86	2	70.26	197	0.20	385	2.46	4,730	3.89	7,480

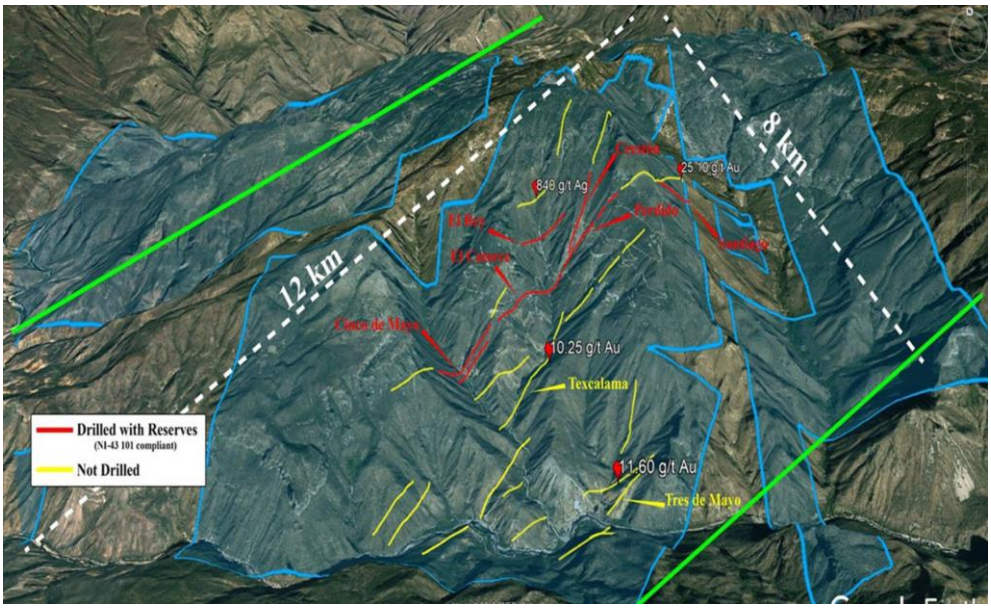
Santiago Measured, Indicated and Inferred Resources											
Classification	Tonnes (x 1000)	g Au/t	Oz Au (x 1000)	g Ag/t	Oz Ag (x 1000)	Cu%	Lbs. Cu (x 1000)	Pb%	Lbs. Pb (x 1000)	Zn%	Lbs. Zn (x 1000)
Measured	29	3.59	3	47.13	44	0.94	603	0.58	372	0.99	635
Indicated	20	2.84	2	30.74	20	0.50	218	0.36	157	0.58	253
Total M&I	**49**	**3.29**	**5**	**40.49**	**64**	**0.76**	**821**	**0.49**	**529**	**0.82**	**888**
Inferred	7	2.39	1	23.53	6	0.42	68	0.31	50	0.46	74

Source: Company Reports

Exploration Potential

Brownfields and greenfields targets provide upside. At least 12 mineralized zones hosted within a ~7.5km-long structural corridor have been traced over a cumulative strike length of ~5km. There are several veins that have been traced but have yet to be drilled or tabled into a resource estimate (Figure 27, yellow lines).

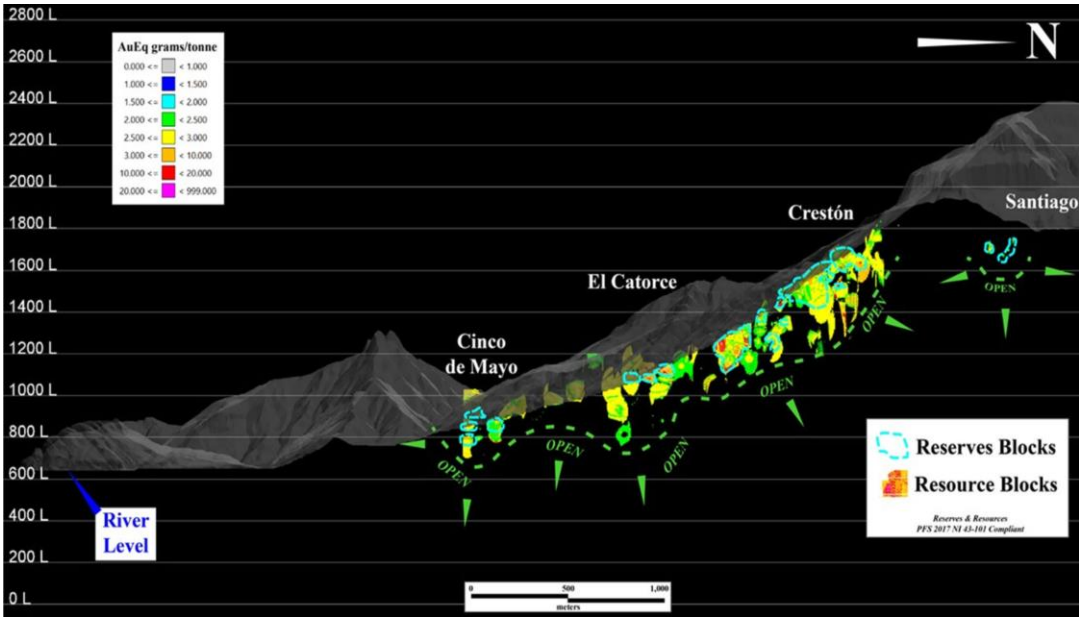
Figure 27: Aerial view over Tahuehueto core area, showing veins



Source: Company Reports

Despite mineralization being open in all directions across each resource zone (Figure 28), there has been no expansionary drilling since 2011. The figure below shows a sizeable gap between the Creston and Santiago zones that has never been drilled. However, underground development in 2018 along the Perdido structure (a thoroughgoing major structure that connects Catorce through to Cinco de Mayo in the south and Santiago and Espinal to the north) towards the Santiago zone had encountered continuous mineralization for over ~200m, of which, ~165m was beyond the extent of previous drilling. Underground channel sampling in 2019 along this new drift returned up to 30.94 g/t AuEq over 1.1m. In our view, these results provide compelling evidence that the Perdido structure may connect to the Santiago zone, presenting an opportunity for the structure to extend another 800m. **Management believes this gap zone alone has potential to increase resources by ~30%.**

Figure 28: Cross-section through Tahuehueto, showing resource zones



Source: Company Reports

Following the commissioning of the mine in 2022, Altaley plans to begin drill testing several targets within the core, ~700 ha area of the property. These plans include drilling between the Perdido/Creston area and the Santiago zone, infill drilling between the Cinco de Mayo and Perdido zones, and step-out drilling along strike and to depth of known mineralized zones. **The surrounding non-core area (6,700 ha) contains several other untested structures, and only ~10% of the overall land package has been explored to date, presenting an opportunity for a greenfields discovery.**

Metallurgy & Processing

Metallurgical testing performed ahead of the 2017 PFS provided confidence in the proposed flotation process to recover zinc, lead, and copper concentrates. The PFS contemplated a 550 tpd comminution circuit consisting of primary and secondary crushing, ball mill grinding, gravity concentrating, followed by three floatation and decanting circuits to produce Pb, Cu, and Zn concentrates to be trucked from site for refining. Wet tailings would be sent to a decanter for water reclaim before being trucked to an on-site tailings storage facility as dry tailings. Average LOM metallurgical recoveries used in the PFS are summarized in the figure below:

Figure 29: Tahuehueto metallurgical recoveries, based on 2017 PFS

Product	Tonnage (kt)	Distribution (%)				
		Au	Ag	Cu	Pb	Zn
Head	3,264	100%	100%	100%	100%	100%
Pb Concentrate	58	77.1%	62.8%	31.6%	85.5%	1.6%
Cu Concentrate	18	6.8%	10.3%	51.4%	0.6%	17.1%
Zn Concentrate	108	11.0%	11.7%	11.5%	6.1%	80.0%
Tails	3,079	5.4%	15.2%	5.4%	7.8%	1.3%
Average LOM Recovery*		**94.4%**	**84.7%**	**83.0%**	**91.6%**	**80.0%**

**Calculated based on 2017 PFS production schedule*

Source: Company Reports, RCS Estimates

The initial 3,500 t bulk sample in 2016 produced 201 and 259 dry tonnes of Pb and Zn concentrates, respectively. The Pb concentrate returned average grades of 124.4 g/t Au, 786.4 g/t Ag, 40.7% Pb, and 24.7% Zn, while the Zn concentrate returned average grades of 11.18 g/t Au, 147.07 g/t Ag, 5.55% Pb, and 43.57% Zn. The sale of these concentrates generated ~US$1.47M in cash receipts, demonstrating that Tahuehueto ore is capable of producing marketable and saleable concentrates via flotation.

Pre-production mining in 2018 and 2019 involved processing >42,000 t of ore, and reaffirmed the relatively simple metallurgy at Tahuehueto, with no refractory ore, no ultra-fine grinding required, and high recoveries. Average recoveries in 2019 were 83.83% for Au, 84.56% for Ag, 88.89% for Pb, 82.02% for Zn, and 93.37% for Cu, with concentrate grades comparable to what was observed in the 2016 bulk sampling program.

While the PFS contemplated a plant throughput of 550 tpd, the current flotation plant has a design capacity up to 1,000 tpd pending the addition of a second ball mill.

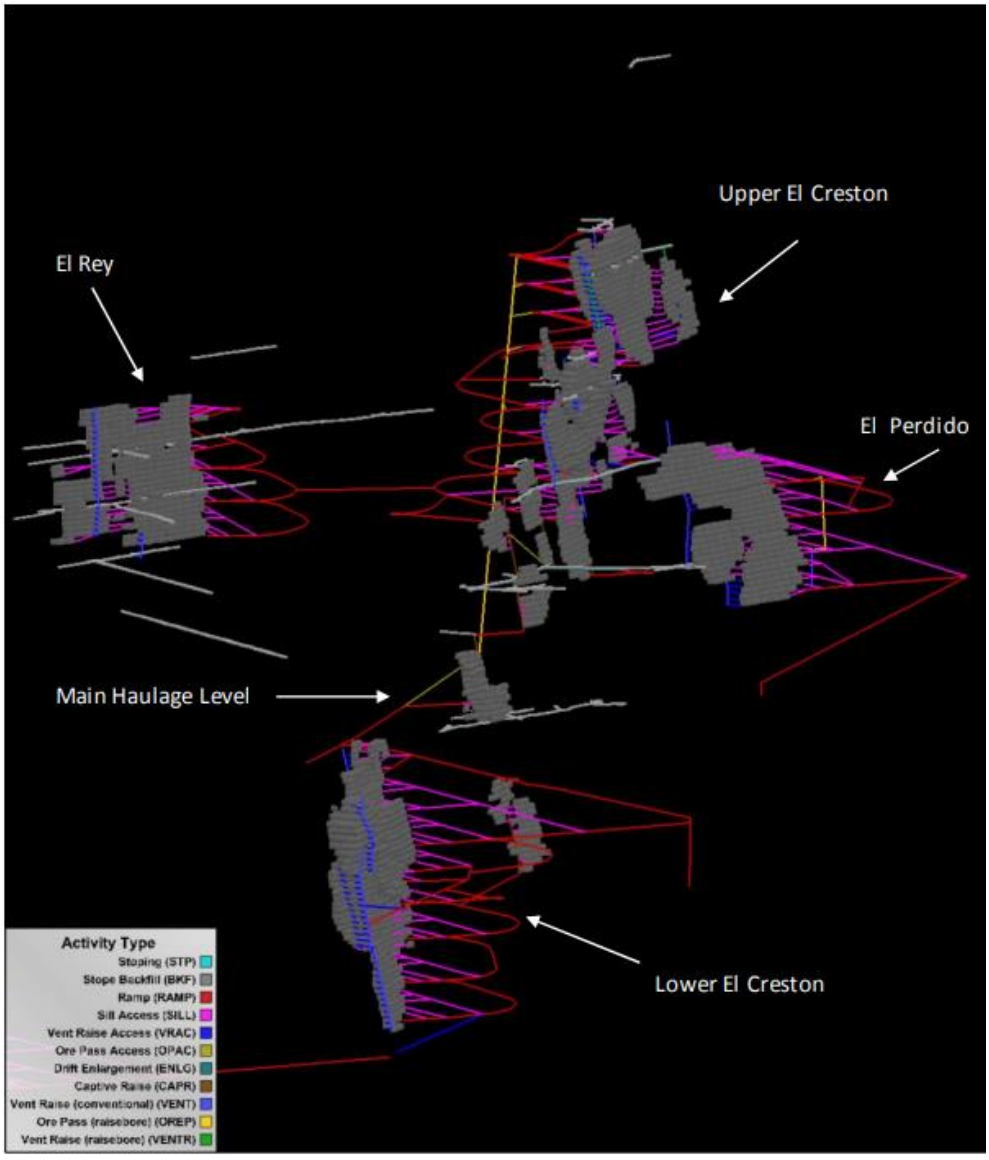
Mining Methods

Underground access is expected to be from the existing adits and/or via new adits to be excavated at various locations throughout the mountain side. For the upper portion of the mine, ore would be hauled through a series of ramps via 20t capacity haul trucks and placed into a central ore pass, which terminates at the main haulage level – the general elevation of the mill and tailings facility. For the lower levels, ore would be hauled up-ramp and stockpiled near the surface portal stockpile before being re-handled by surface haul trucks to the mill (Figure 30).

The 2017 PFS contemplated a 790 tpd underground operation that employs conventional overhand cut and fill mining. In this method, mining begins at the bottom of the stope, and progresses laterally along the vein. Once the bottom “cut” has been mined, backfill is used to fill the void and build a floor for the next cut above. A ramp would be developed between the lower and upper extents of each stoping block, which would be connected by a vertical raise. Twin ventilation raises would be constructed to facilitate the excavation, which would also provide the secondary egress from the working area and access to required services (i.e. electrical, compressed air, and water). The process repeats until the stope is mined out, bottom-up. This is a highly selective mining method, as it allows one to “chase” the vein during the mining sequence, and often results in minimal dilution. Waste rock material is expected to be used as backfill, which bodes well from an environmental standpoint, as it would eliminate the need for permanent waste rock storage facilities on surface.

While overhand cut and fill mining was considered for the 2017 PFS, no trade-off studies were performed to evaluate other possible methods. However, the ore body is relatively steeply dipping (most veins dip >60^{o} on average, with some areas being near-vertical) and the average vein width is ~3.5m – which is typically wide enough to be amenable for lower cost longhole stoping. **In our experience, longhole mining can cost ~2-3x less than conventional cut and fill mining on a unit cost per tonne basis. We anticipate that the upcoming revised PFS may consider longhole mining methods in addition to cut-and-fill, which could lead to improved project economics.**

Figure 30: Isometric view of Tahuehueto mine plan at the El Rey, El Creston, and El Perdido zones



Source: Company Reports

Campo Morado (100%-owned)

Asset Overview

A steady cash flow generator. Campo Morado is a +2,000 tpd polymetallic underground operation located in Guerrero, Mexico. It lies ~30km SE of the municipality of Arcelia (pop. ~33,000) and ~360km (~5-6 hours) by road from Mexico City. The property comprises six concessions totaling ~12,045 ha and has a long history of mining dating back to the 1800s. Today, the mine generates ~US$2.1M in monthly EBITDA for Altaley and is Mexico's sixth-largest Zn concentrate producer.

Figure 31: Campo Morado project location, Guerrero, Mexico

Source: Company Reports

An exciting turnaround story. After achieving commercial production in 2018, the mine was placed on care and maintenance in 2019 due to issues with the local communities and weak Zn prices. However, significant advancements in community relations and improving Zn prices in 2020 saw the mine re-open. The operation has since become profitable, with cash costs steadily improving (**read more**). Annual production is expected to grow as Altaley starts producing a copper concentrate in Q2/22. We note that construction on an additional flotation circuit (~80% complete) could add another ~1,000 tpd of throughput; though the company is evaluating other technologies to improve recoveries and increase metal production. Altaley has been focused on improving metallurgical recoveries using pneumatic flotation and forced oxidation (**read more**), with management citing potential to increase Au and Ag recoveries by ~400% and ~200%, respectively. Altaley is aiming to double Campo Morado's existing resource over the next two to three years, with a long-term expansion target of 5,000 tpd.

Project History

Early History: Mining at the historical Campo Morado district dates to the Mexican War of Independence (1810-1821), when soldiers were paid in copper pesos derived from near-surface oxidized material. The late-1800s to mid-1900s saw intermittent mining of the Reforma deposit and minor exploitation of the Naranjo oxide deposit by Reforma Mining and Milling Co. Reforma Mining had primarily focused on oxide material with minor sulphides and developed six levels across the orebody over a 180m vertical by 900m horizonal span by 1940. Meanwhile at the La Trinidad concession (~9km NW of the main Campo Morado district), multiple polymetallic massive sulfide occurrences were exploited from ~1890-1910.

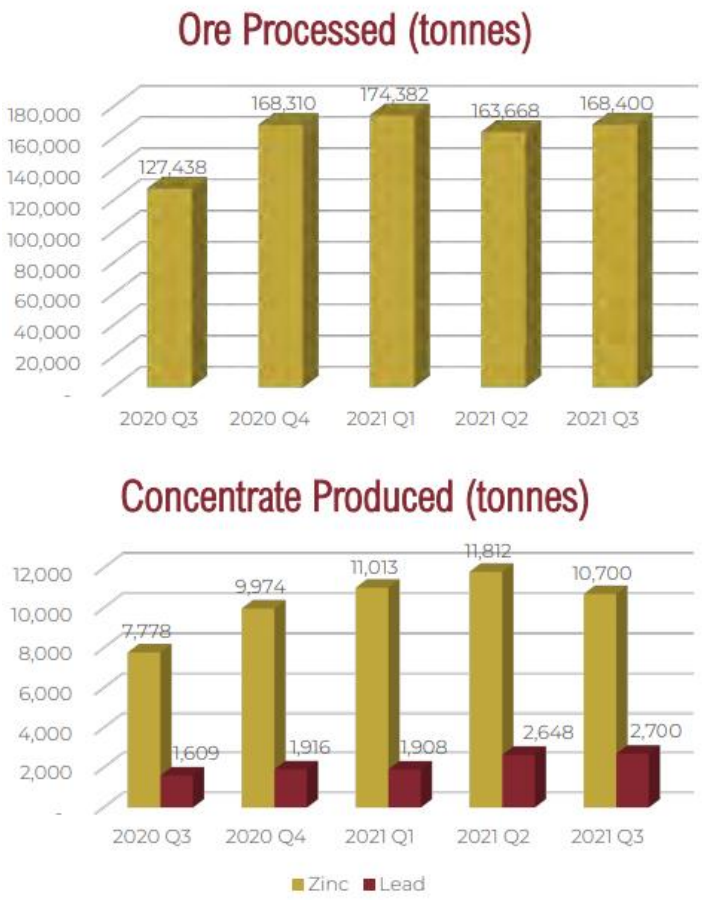
1973-1977: A subsidiary of Union Oil rehabilitated 3.7km of workings at the Reforma and Naranjo oxide deposits and conducted an 840m diamond drilling program from underground.

1994-1996: A Mexican government agency explored La Trinidad and conducted mapping, geochemistry, and geophysical surveys followed by an 11-hole (2,526m) diamond drilling program.

1994-2010: From 1994-1996, a Mexican government agency explored La Trinidad and conducted mapping, geochemistry, and geophysical surveys followed by an 11-hole (2,526m) diamond drilling program. During this period, Farallon Resources acquired an option on the Campo Morado and La Alina concessions and began exploring the Reforma deposit. From 1996-2010, Farallon had drilled 1,365 holes (353,626m) and discovered the Naranjo sulphide zone (below the oxide workings), and the El Rey, El Largo, G9, and Estrella de Oro deposits. In 1999, Farallon acquired the La Trinidad concession. Focus shifted to delineating the G9 deposit after drilling in 2005 intersected high-grades, and extensive metallurgical testing followed, including a pilot plant test program using G9 sample material. Excavation of the San Agustin decline began in 2006 with the intention of building a new, ~1,500 tpd mine at G9. Mill construction began in 2007, with initial stoping and Zn concentrate shipments taking place the following year. In 2009, Farallon announced commercial production, and by early-2010, Farallon mined 640 kt at 10.5% Zn, 1.4% Cu, 200 g/t Ag, and 2.59 g/t Au.

2010-Present: Nyrstar purchased Farallon in a friendly takeover for ~C$420M and gained control of Campo Morado. Mining continued through 2014 before being suspended in January 2015 due to weak metal prices and security concerns in the state. A total of 1,734 holes (232,711m) were drilled during Nyrstar's ownership. In mid-2017, Altaley (under a former name) acquired a 100% interest for US$20M, and restarted operations in October of that year at a 1,400 tpd production rate. Altaley delivered a positive PEA in March 2018, based on resources as of 2017 (Figure 34). In May 2018, the company announced the start of commercial production with the aim of increasing throughput to 2,500 tpd. Weak metal prices and community issues forced another shutdown in August 2019. Conditions improved over the next five months and mining resumed in January 2020. Due the COVID-19, the Mexican government forced a temporary shutdown for April and May 2020. Operations once again resumed in June 2020, and have been going strong since (Figure 32).

Figure 32: Campo Morado production profile

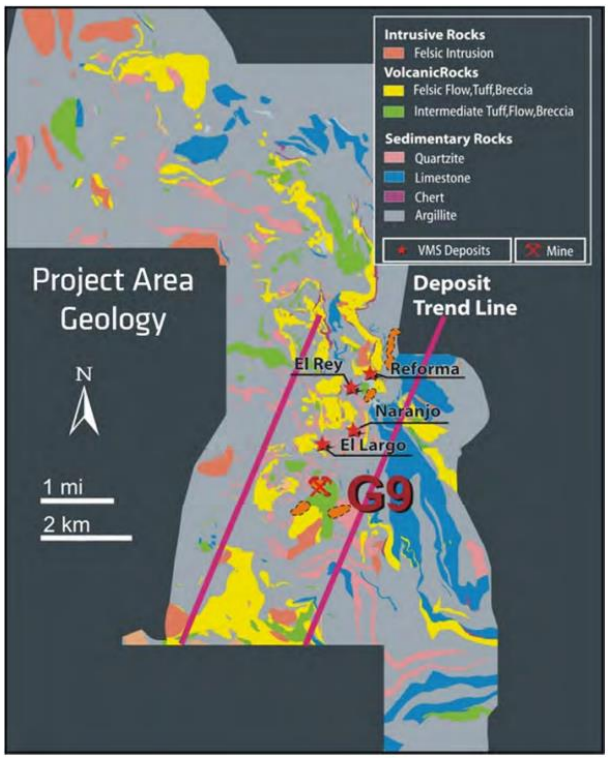


Source: Company Reports

Geology & Mineralization

Regionally, Campo Morado lies within the Teloloapan Subterrane, part of the Guerrero Terrane east of the Sierra Madre mountains. Locally, mineralization at Campo Morado occurs in a series of volcanogenic massive sulphide (VMS) deposits, prospective for base and precious metals (Zn, Cu, Pb, Au, and Ag), and occur within a complex, layered sequence of felsic to intermediate volcanic rocks. These deposits originate from the seafloor and are composed primarily of stratiform accumulations of sulphide minerals. At Campo Morado, the massive sulphide horizons are primarily composed of fine-grained pyrite with sphalerite, chalcopyrite, galena, tetrahedrite-tennantite, arsenopyrite, marcasite, and pyrrhotite. The deposits also contain traces of tin minerals, electrum, and gold.

Figure 33: Campo Morado district geology



Source: Company Reports

Five deposits, G9, El Largo, Reforma, Naranjo and El Rey have been extensively drilled, though there are several other known occurrences that are less defined. Most of these deposits occur in a ~4km long, SW-SE trending corridor within the central part of the Campo Morado concessions (Figure 33). The most significant deposit is G9, which hosts roughly one third of the total resource (see page 34) and is interpreted to be a Kuroko-type VMS system. It comprises four main zones; the Southeast, Southwest, and North zones are located above the SW-dipping San Rafael thrust fault, while the Abajo zone is below. These zones vary between ~5-20m in thickness, and cover up to a 500m by 200m footprint. The higher Cu and Au grades at the deposit suggests that G9 sulphides are more proximal to their source compared to the other deposits at Campo Morado.

Reserves and Resources

The Campo Morado resource estimate spans five deposits, G9, El Largo, Reforma, Naranjo and El Rey. Of these, the G9 deposit is the most significant, hosting roughly one third of the overall M&I+I tonnage and the highest Zn grades (Figure 34). **Total M&I+I resources are ~17.6 Mt at 1.86 g.t Au, 123 g/t Ag, 0.79% Cu, 0.93% Pb, and 3.96% Zn.** There are no current reserves at Campo Morado.

Figure 34: Campo Morado resources (2017)

Zone	Category	Tonnage (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
G9	Measured	3,780	1.92	134	1.11	0.86	5.14
	Indicated	1,324	1.55	117	1.05	0.79	3.84
	Inferred	39	1.44	105	1.48	0.73	5.13
	M&I+I	5,143	1.82	129	1.10	0.84	4.81
El Largo	Measured	3,340	1.05	108	0.47	1.05	4.75
	Indicated	1,572	1.13	102	0.40	0.98	4.24
	Inferred	444	1.11	95	0.38	0.84	3.61
	M&I+I	5,356	1.08	105	0.44	1.01	4.51
Naranjo	Measured	753	1.66	97	0.93	0.72	3.19
	Indicated	1,141	1.28	106	0.64	0.81	3.24
	Inferred	228	0.65	153	0.40	1.12	3.64
	M&I+I	2,122	1.35	108	0.72	0.81	3.27
Reforma	Measured	1,115	2.77	155	0.86	1.06	3.19
	Indicated	2,807	2.23	149	0.97	0.99	2.55
	Inferred	213	2.27	131	1.33	0.88	1.45
	M&I+I	4,135	2.38	150	0.96	1.00	2.67
El Rey	Measured	304	2.25	119	0.51	0.96	3.72
	Indicated	491	1.82	94	0.51	0.95	3.42
	Inferred	64	1.87	88	0.47	0.96	3.51
	M&I+I	859	1.98	102	0.51	0.95	3.53
TOTAL	**Measured**	**9,292**	**1.70**	**124**	**0.82**	**0.94**	**4.56**
	Indicated	**7,335**	**1.70**	**123**	**0.78**	**0.92**	**3.31**
	Inferred	**988**	**1.32**	**116**	**0.64**	**0.92**	**3.20**
	M&I+I	**17,615**	**1.68**	**123**	**0.79**	**0.93**	**3.96**

**5.5% ZnEq cut-off; based on prices of US$1.20/lb Zn, US$2.80/lb Cu, US$0.90/lb Pb, US$1,150/oz Au, and US$17/oz Ag and recoveries of 70% for Zn, 68% for Cu, 60% for Pb, 25% for Au, 38% for Ag.*

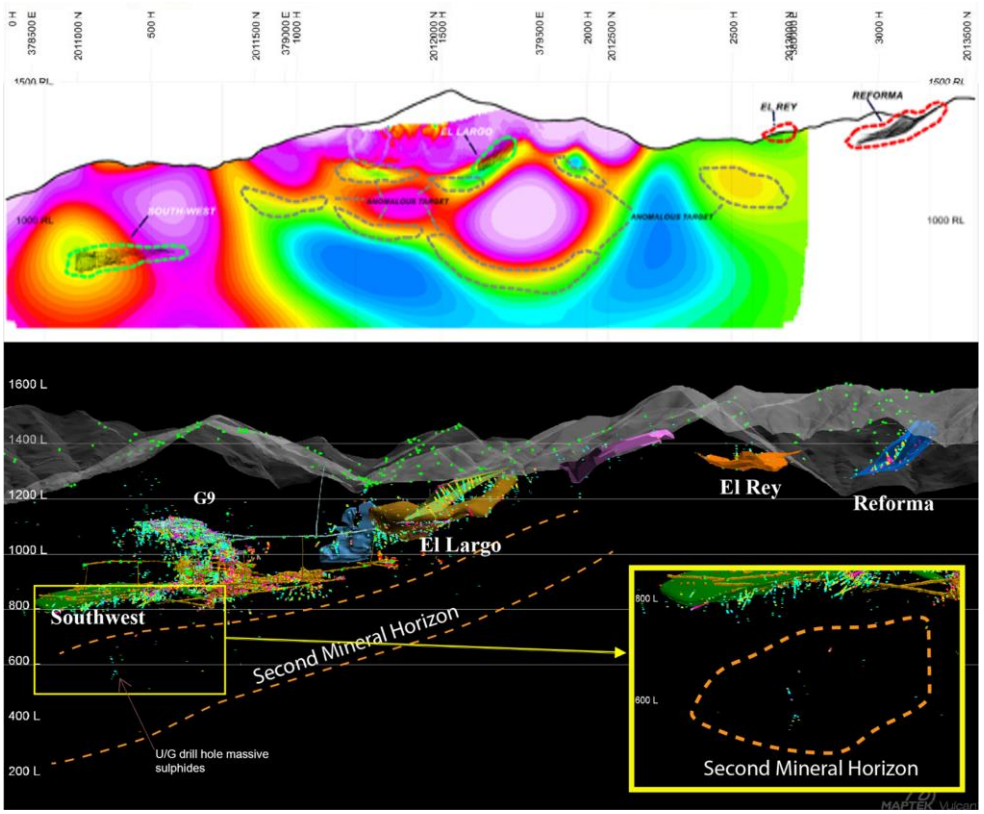
Source: Company Reports, RCS

Exploration Potential

Aiming to double resources over the next two to three years. Altaley plans to achieve this expanded resource in multiple ways, including by drilling below the existing resource, which is open at depth, and by testing several regional targets, as defined by geophysical and geochemical anomalies. **Altaley plans to initiate exploration in 2022 with the goal of testing these targets.**

Geophysics show potential for a secondary mineralized horizon. There are several underground geophysical borehole EM anomalies down-dip of the G9, El Largo, and El Rey deposits. These anomalies are located underneath the existing resource footprint (Figure 35). The previous operator drill tested this horizon below G9's Southwest zone and intersected wide zones of massive sulfide mineralization that has yet to be adequately followed up on.

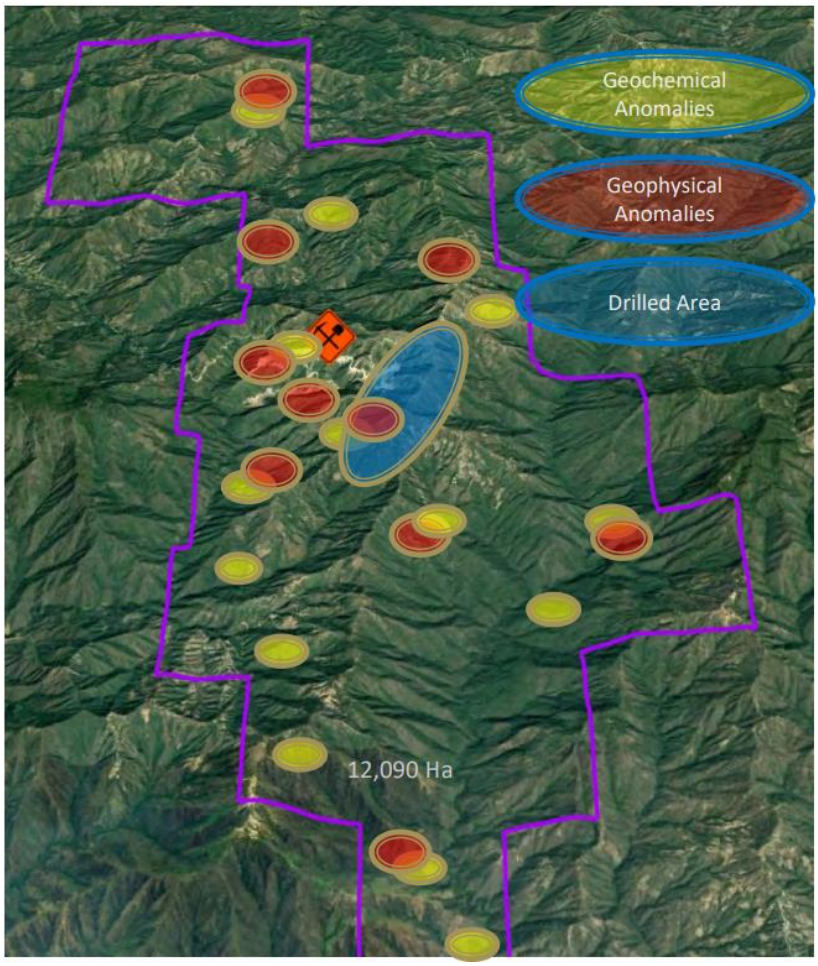
Figure 35: Section view through Campo Morado showing EM geophysics (top) and resource zones (bottom)



Source: Company Reports

At least 16 regional drill-ready targets have been identified by previous operators. These targets are represented by at least 10 untested geophysical anomalies (gravity, IP, and magnetic) and over 14 untested geochemical anomalies, several of which are coincident with the geophysical anomalies (Figure 36).

Figure 36: Aerial view over Campo Morado showing drill targets



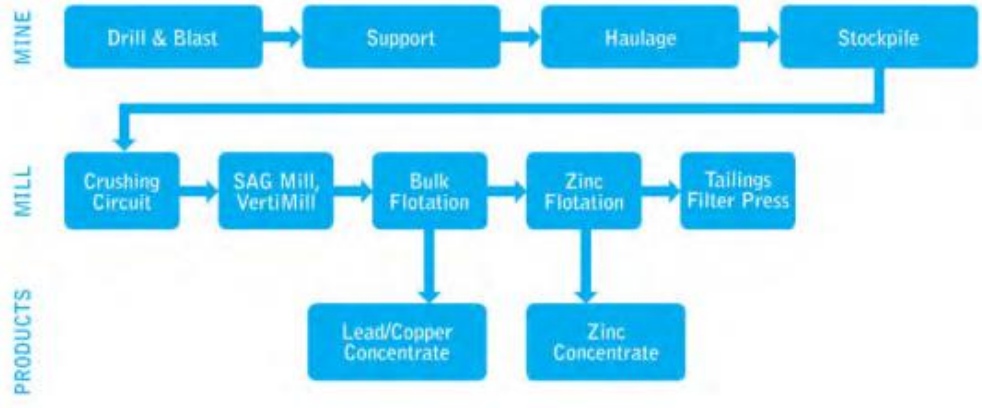
Source: Company Reports

Historical tailings present another avenue for resource expansion. Campo Morado hosts +3.3 Mt of legacy tailings material containing significant Au, Ag, and Cu that may be available for future recovery. A historical estimate of 280k oz AuEq (based on Au and Ag only) has been defined for these tailings, as calculated by historical production records. The company is currently testing this tailings material using the Jameson flotation and Leachox process to potentially recover base and precious metals (see Metallurgy & Processing section). Testing using Imhoflot flotation has been completed.

Metallurgy & Processing

Metallurgical testing of material from the G9 deposit began in 2006 and continued through construction of the 1,500 tpd plant. Operation of the plant confirmed the amenability of G9 mineralization to conventional, mechanical flotation methods to recover Zn, Cu, and Pb concentrates with Au and Ag by-products. The existing circuit consists of blending, crushing, two stages of milling, bulk flotation, Zn flotation, concentrate regrinding, thickening and filtration, and on-site tailings disposal. Concentrates are then transported to the port of Manzanillo for shipment to smelters.

Figure 37: Simplified production process at Campo Morado



Source: Company Reports

There are two tailings storage facilities on site; the Alto and Bajo tailings dams. The latter reached its design capacity in 2014 (and contains metal-rich tailings, see page 31), while the former was recently expanded to provide another ~13 months of storage. Additional future expansions of the Alto facility incorporated in its original design can extend its life by an additional four years.

A big focus on improving metallurgy. The 2018 PEA assumed recoveries of 25% for Au, 38% for Ag, 68% for Cu, 60% for Pb, and 70% for Zn, which were based on average metallurgical performance at the mill. Recent production however shows lower recoveries, with Q3/21 recoveries returning 11.3% for Au, 23% for Ag, 29% for Pb, and 66.4% for Zn. Generally, the ore at Campo Morado is highly refractory and the metallurgy varies by deposit, which has made process recovery, especially for precious metals, a major challenge. The previous operator conducted further testing using the Leachox process for forced oxidation and leach recovery of precious metals. **The initial program, completed in 2013, demonstrated improved Au and Ag recoveries to up to 65% and 86%, respectively.** A second phase of testing using the Leachox process is planned to start soon as pneumatic flotation testing nears completion. Currently, Altaley is evaluating Jameson flotation technology for concentrate flotation; a pilot plant is currently operating on site and testing is nearing completion. The company intends to test the ability to make a marketable Au-rich pyrite concentrate, subject fresh pneumatic tailings to Albion and Leachox testing, and test the historical tailings at the micro fine grind level to potentially recover base and precious metals. Several other technologies are also being investigated, including Woodgrove Technologies' flotation reactor process and bioleaching amongst others. Successful testing from these technologies may provide significant improvements in recoveries and allow the company to reprocess the historical tailings stored on site (see page 31).

Pathway to expand throughput. The existing plant, while originally designed at 1,500 tpd capacity, is capable of processing ~2,200 tpd. The previous operators began installing a new flotation circuit (~80% complete), that once fully commissioned, would be expected to increase the throughput to 3,000 tpd. Management's long-term goal is to expand to 5,000 tpd, pending future resource growth at Campo Morado.

Mining Methods

Various sub-zones within the Campo Morado mine are accessible via several adits and internal ramps. Ventilation is provided by drawing fresh air into the mine through the San Agustin decline. Fans provide forced ventilation which is distributed by a network of ventilation raises and ducts. Exhaust air is routed through a ventilation ramp that extends to surface.

Campo Morado was historically mined using an underhand bench, open stoping method. This method involves mining individual stopes from the top-down, by drilling and blasting a series of ~5m-high benches. Once a bench is mined out, mining progresses with the bench below it. Individual stopes were 8-15m in width and where appropriate, primary stopes were backfilled using cemented rock fill, while secondary stopes were filled with uncemented rock fill. Room and pillar methods were also employed where there was cemented rock fill.

Currently, the company is employing a sublevel stoping method at the El Largo zone. Individual benches between sublevels are 8m in width by 12m high. The mining sequence is drilling, blasting and mucking by retreading the production benches. The blasted ore then drops to the lower access level, subsequent mucking operations use a remote-control scoop tram. Sublevel stoping allows for the recovery of ore left in the footwall and along strike of the orebody. It is also a low-cost operation and one of the main advantages is that the broken ore is available for multiple crosscuts located at the ore draw points. As mining moves to the A7 orebody in 2022, a room and pillar mining method is planned to be employed using semi long hole drilling 6-10m in length. A crosscut grid of 32m which includes an ore pillar of 8x8m located between the ore headings. An advantage with this method is that there will be several faces available for mining at the same time scaling, rock support work, drilling and mucking is completed.

Risks

Exploration, development, and mining projects are inherently risky investments given the large initial expenses that are required in advance of any potential revenue. Our view is based on publicly available information but note that our estimates and views are not without political, technical, geologic or financing risk typical for junior exploration companies. For Altaley Mining Corp., these risks may include:

1. **Geopolitical/jurisdictional risks** – Some of these risks may be out of the control of the company, including royalty and taxation levels, land agreement liabilities, regulatory, environmental and permit requirements and timing, global trade wars and political instability. We note that Altaley Mining holds projects in the Mexican states of Durango and Guerrero.

2. **Technical risks** – This covers a wide variety of issues that we see associated with the deposit including exploration, development and exploitation strategies and methods. It would cover such issues as accuracy of geological interpretation, resource/reserve estimates and economic studies and inputs such as commodity prices, cost and grade fluctuations, assay reconciliation, metallurgical issues and exploration success. Our positive view relies on using existing technical data, recent exploration results and to a limited extent, expected positive results from future drilling. Future results may differ and negatively impact our assumptions.

3. **Corporate risks** – These may include project execution by management, investor relations effectiveness, or market sentiment. Management pedigree and performance are paramount. Market sentiment is also an issue. While we expect the current robust metal market to continue to improve throughout 2021, our estimates may be negatively impacted by a change in market sentiment.

4. **Financial risks** – These may occur at the project or corporate level, including variation in valuation parameters/metrics, commodity price or foreign exchange fluctuations, access to credit including debt, equity financing or potential for shareholder dilution.

As new information becomes available, we plan to refine our estimates and forecasts.

Appendix A: Detailed Sensitivity Tables

Figure 38: Sensitivity tables

Gold Price Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
US$1,400	C$1.08	C$81.6	C$0.24	C$49.2
US$1,500	C$1.13	C$85.6	C$0.25	C$51.6
US$1,600	C$1.17	C$89.6	C$0.26	C$54.0
US$1,700	C$1.21	C$93.6	C$0.27	C$56.5
US$1,800	C$1.26	C$97.6	C$0.28	C$58.9
US$1,900	C$1.30	C$101.7	C$0.29	C$61.4
US$2,000	C$1.35	C$105.7	C$0.30	C$63.8
US$2,100	C$1.39	C$109.8	C$0.31	C$66.3
US$2,200	C$1.43	C$113.8	C$0.32	C$68.8
US$2,300	C$1.48	C$117.9	C$0.33	C$71.2
US$2,400	C$1.52	C$122.0	C$0.34	C$73.7

Source: RCS Estimates

Silver Price Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
$18.00	C$1.12	C$88.9	C$0.24	C$49.7
$20.00	C$1.15	C$91.5	C$0.25	C$52.0
$22.00	C$1.19	C$94.0	C$0.26	C$54.4
$24.00	C$1.23	C$96.5	C$0.27	C$56.7
$26.00	C$1.26	C$99.1	C$0.28	C$59.0
$28.00	C$1.30	C$101.7	C$0.29	C$61.4
$30.00	C$1.34	C$104.2	C$0.30	C$63.7
$32.00	C$1.38	C$106.8	C$0.31	C$66.1
$34.00	C$1.41	C$109.4	C$0.32	C$68.4
$36.00	C$1.45	C$112.0	C$0.33	C$70.8
$38.00	C$1.49	C$114.6	C$0.34	C$73.2

Source: RCS Estimates

Copper Price Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
$3.00	C$1.18	C$94.8	C$0.26	C$54.5
$3.20	C$1.21	C$96.2	C$0.27	C$55.9
$3.40	C$1.23	C$97.5	C$0.27	C$57.3
$3.60	C$1.25	C$98.9	C$0.28	C$58.6
$3.80	C$1.28	C$100.3	C$0.28	C$60.0
$4.00	C$1.30	C$101.7	C$0.29	C$61.4
$4.20	C$1.33	C$103.0	C$0.30	C$62.7
$4.40	C$1.35	C$104.4	C$0.30	C$64.1
$4.60	C$1.37	C$105.8	C$0.31	C$65.5
$4.80	C$1.40	C$107.1	C$0.31	C$66.8
$5.00	C$1.42	C$108.5	C$0.32	C$68.2

Source: RCS Estimates

Zinc Price Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
$0.70	C$0.85	C$74.4	C$0.20	C$37.2
$0.80	C$0.94	C$79.8	C$0.22	C$42.1
$0.90	C$1.03	C$85.3	C$0.23	C$46.9
$1.00	C$1.12	C$90.7	C$0.25	C$51.7
$1.10	C$1.21	C$96.2	C$0.27	C$56.5
$1.20	C$1.30	C$101.7	C$0.29	C$61.4
$1.30	C$1.39	C$107.1	C$0.31	C$66.2
$1.40	C$1.48	C$112.5	C$0.33	C$71.0
$1.50	C$1.56	C$118.0	C$0.35	C$75.8
$1.60	C$1.65	C$123.4	C$0.36	C$80.6
$1.70	C$1.73	C$128.9	C$0.38	C$85.4

Source: RCS Estimates

Lead Price Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
$0.75	C$1.26	C$98.5	C$0.28	C$59.2
$0.80	C$1.27	C$99.1	C$0.28	C$59.6
$0.85	C$1.28	C$99.8	C$0.29	C$60.1
$0.90	C$1.29	C$100.4	C$0.29	C$60.5
$0.95	C$1.29	C$101.0	C$0.29	C$60.9
$1.00	C$1.30	C$101.7	C$0.29	C$61.4
$1.05	C$1.31	C$102.3	C$0.29	C$61.8
$1.10	C$1.32	C$102.9	C$0.29	C$62.2
$1.15	C$1.33	C$103.5	C$0.29	C$62.6
$1.20	C$1.33	C$104.2	C$0.30	C$63.1
$1.25	C$1.34	C$104.8	C$0.30	C$63.5

Source: RCS Estimates

CAD:USD Sensitivity

	NAVPS	EBITDA (C$M)	CFPS (C$/sh)	FCF (C$M)
Base Case	C$1.30	C$101.7	C$0.29	C$61.4
0.50	C$2.01	C$152.5	C$0.44	C$92.6
0.55	C$1.82	C$138.6	C$0.40	C$84.1
0.60	C$1.66	C$127.1	C$0.36	C$77.0
0.65	C$1.52	C$117.3	C$0.34	C$71.0
0.70	C$1.40	C$108.9	C$0.31	C$65.8
0.75	C$1.30	C$101.7	C$0.29	C$61.4
0.80	C$1.21	C$95.3	C$0.27	C$57.5
0.85	C$1.13	C$89.7	C$0.26	C$54.0
0.90	C$1.06	C$84.7	C$0.24	C$50.9
0.95	C$1.00	C$80.3	C$0.23	C$48.2
1.00	C$0.95	C$76.2	C$0.22	C$45.7

Source: RCS Estimates

Source: RCS Estimates

Appendix B: Management and Directors

Ralph Shearing, President, CEO and Director

A founder of the company, Mr. Shearing is a seasoned geologist and company builder with over 38 years of experience in mineral exploration and development. Mr. Shearing also has over 35 years experience in senior executive and management roles with Canadian public companies in the metals exploration and development sector. Since graduating from UBC with a B.Sc. in Geology in 1981, Mr. Shearing has practiced his profession as a professional geologist throughout Canada, and internationally. He has been directly involved in several world class exploration and development projects in British Columbia, Canada. During an active mineral exploration and development career, Mr. Shearing has gained hands-on experience in all aspects of mineral exploration, including, geophysics, geochemistry, geology and diamond core drilling, the latter as a senior partner of a successful contract diamond drilling company.

Armando Alexandri, COO

Mr. Alexandri is a mining engineer with over 40 years' experience in mining and metallurgical design with multiple companies, mostly in Mexico. He has led major expansions at the Bolivar mine and across Impact Silver's operations. He previously served as COO of Impact Silver, Titan Minerals, and Core Mining. Mr. Alexandri is also a consultant and advisor to Appian Capital and is the current COO of Candelaria Mining. He received a B.Eng. in Mining Engineering from Universidad de Guanajuanto, Mexico in 1978, and studied Business Administration at Universidad de Monterrey in 1984. Together with a core team of engineers and geologists he has built and operated over ten mines in Mexico.

Omar Garcia Abrego, CFO

Mr. Garcia Abrego brings over 20 years of progressive international experience working within the mining, resource and public practice sector in Mexico and Canada. He has held a number of senior financial management roles at successful mining companies including Graymont Limited, Farallon Mining, Cayden Resources and Auryn Resources. Mr. Garcia Abrego also spent over a decade at Deloitte where he audited numerous mining clients in different countries. Mr. Garcia Abrego received a Bachelor of Commerce from Instituto Tecnologico y de Estudios Superiores de Monterrey (ITESM) and is a CPA and CA.

Enrique Margalef, Country Administration Manager

Mr. Margalef is a former investment banker with ten years of experience in mergers and acquisitions, financial valuations, evaluation of investment projects, analysis of financial statements and cash flow management. He is primarily responsible for Altaley's corporate development activities, including negotiating and setting all commercial agreements, such as acquisitions, royalty, credit facility and lease agreements. He was a partner at a mining-focused investment bank in Mexico, where he advised numerous clients in the valuation of several mining projects. Additionally, he managed the investments of Vander Capital Partners private equity fund for the acquisition and exploration of two early-stage exploration projects before moving to Vander Mining, a Vander Capital Partners subsidiary, as a partner. He graduated in Economics from Universidad Anahuac in Mexico.

David Rhodes, Chairman
Mr. Rhodes's career in the finance industry has spanned more than 25 years. Mr. Rhodes is the Managing Director of Endeavour Financial, one of the top mining financial advisory firms, with an award-winning track record of success in the industry, specialising in arranging multi-sourced funding solutions for development companies. Prior to joining Endeavour over fourteen years ago, he was at Standard Bank London Limited, Barclays Capital and Royal Bank of Scotland. At Standard and Barclays, he sourced, structured, and syndicated financings for mining projects and companies on a global basis. Having lived and worked in London and New York, he has international experience of the North/South American, European, CIS and African markets. As a result, he has arranged over US$18 billion of funding for mining companies.

Mark Bailey, Director
Mr. Bailey is a mining executive and registered professional geologist with 44 years of industry experience. He previously served as President, CEO and Director for Minefinders Corporation, a precious metals mining company that discovered, developed and operated the multimillion-ounce Dolores Au-Ag mine in Mexico before being acquired by Pan American Silver in 2012. Before joining Minefinders, Mr. Bailey held senior positions with Equinox Resources and Exxon Minerals. Since 1984, Mr. Bailey has worked as a consulting geologist with Mark H. Bailey & Associates LLC. He currently serves as non-executive Chairman of Entrée Resources and Fiore Gold, and is a former director of Mason Resources and Core Gold. Mr. Bailey holds a B.Sc degree in Geology from the University of Washington and a M.Sc degree in Geology from Oregon State University.

Thomas Kelly, Director
Mr. Thomas (Tom) Kelly has over 40 years of worldwide experience with mineral industry leaders such as Freeport-McMoRan, AMEC and others. He has deep experience internationally in mine development, mine valuation, reserve estimation, corporate management, and corporate directorship, and is fluent in Spanish. Currently he serves as Director and Country Manager for Antioquia Gold, and splits his time between work in Colombia and Lima, Peru. He holds both Bachelor's and Master's degrees in Mining Engineering from the Colorado School of Mines, is a Fellow of the Australasian Institute of Mining and Metallurgy and a registered member of the Society for Mining, Metallurgy & Exploration. He serves as a Qualified Person for several minerals' companies in Canada and overseas.

Natascha Keirnan, Director
Ms. Kiernan is a lawyer and consultant with over 15 years of experience specializing in transactions involving mining and other natural resources. Ms. Kiernan has held senior positions with several prominent international law firms, including the New York and London offices of Skadden, Arps, Slate, Meagher & Flom, and was listed as a "Top 40 under 40" rising legal star by the Financial News. She brings extensive legal experience in mining, as well as, corporate governance expertise.

Roberto Guzmán, Director
Mr. Guzmán obtained a Master's in Finance from the Universidad Tecnologica de Mexico in 1989 and has more than 25 years of experience in the financial sector, primarily in Mexico. He has worked for several Mexican publicly traded companies, including Finamex S.A. de C.V., Bursamex S.A. de C.V and Invermexico S.A. de C.V, as well as private Mexican financial companies, such as Unión de Crédito Metropolitana SA de CV, Soluciones Integral SA de CV and FOVISSTE. Mr. Guzman is also a Director of Bursamétrica Casa de Bolsa, a Mexican brokerage firm. He is currently President, Director and major shareholder of the ESCORFIN Group, which owns several private equity funds that specialize in real estate development, energy innovations, and tourism investment in Mexico.

Ruben Alvidrez Ortega, Director
Mr. Alvidrez Ortega is an industrial engineer with an MBA from Notre Dame University. He has extensive experience in banking operations for commercial and corporate segments, specializing mainly in continuous improvement, risk and control, as well as project development and implementation. Since 1994 he worked in several roles with Citigroup, an international bank with approximately 33,000 employees in Mexico, working with corporate clients in the US and Mexico and leading teams of over 200 people.

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Disclosure Statement
Updated January 26, 2022

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	**Rating**	**Target**	**Status**	**%**
2021-04-19	NA	NA	BUY	74%
2021-06-21	NA	NA	BUY (S)	22%
2021-08-31	NA	NA	HOLD	0%
2021-10-01	NA	NA	SELL / Tender	0%
2021-10-13	NA	NA	NA	3%
2021-10-20	NA	NA	Under Review	1%
2021-10-27	NA	NA		
2021-12-16	NA	NA		

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Altaley Mining Corp.	TSXV:ATLY	1,2,3,4

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